

JPRS 77105

5 January 1981

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2078



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

REPORT DOCUMENTATION PAGE		1. REPORT NO. JPRS 77105	2.	3. Rept. No. or Accession No.																		
4. Title and Subtitle EAST EUROPE REPORT: ECONOMIC AND INDUSTRIAL AFFAIRS, No. 2078			5. Report Date 5 January 1981																			
7. Author(s)			6. Performing Organization Rept. No.																			
9. Performing Organization Name and Address Joint Publications Research Service 1000 North Glebe Road Arlington, Virginia 22201			10. Project/Task/Work Unit No.																			
			11. Contract(C) or Grant(G) No. (C) (G)																			
12. Sponsoring Organization Name and Address As above			13. Type of Report & Period Covered																			
			14.																			
15. Supplementary Notes																						
16. Abstract (Limit 200 words) This serial report contains information on economic theory, organization, planning and management; major agreements on and development of trade within CEMA and outside the Bloc; articles on all aspects of the materials, services, machine, electronics, and precision equipment industries; and concepts and attainments in agriculture, forestry, and the food industry.																						
17. Document Analysis a. Descriptors <table border="0"> <tr> <td><input type="checkbox"/> International Affairs</td> <td>Economics</td> </tr> <tr> <td><input type="checkbox"/> Albania</td> <td>Technological</td> </tr> <tr> <td><input checked="" type="checkbox"/> Bulgaria</td> <td>Agriculture</td> </tr> <tr> <td><input checked="" type="checkbox"/> Czechoslovakia</td> <td></td> </tr> <tr> <td><input type="checkbox"/> German Democratic Republic</td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> Hungary</td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> Poland</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Romania</td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> Yugoslavia</td> <td></td> </tr> </table>					<input type="checkbox"/> International Affairs	Economics	<input type="checkbox"/> Albania	Technological	<input checked="" type="checkbox"/> Bulgaria	Agriculture	<input checked="" type="checkbox"/> Czechoslovakia		<input type="checkbox"/> German Democratic Republic		<input checked="" type="checkbox"/> Hungary		<input checked="" type="checkbox"/> Poland		<input type="checkbox"/> Romania		<input checked="" type="checkbox"/> Yugoslavia	
<input type="checkbox"/> International Affairs	Economics																					
<input type="checkbox"/> Albania	Technological																					
<input checked="" type="checkbox"/> Bulgaria	Agriculture																					
<input checked="" type="checkbox"/> Czechoslovakia																						
<input type="checkbox"/> German Democratic Republic																						
<input checked="" type="checkbox"/> Hungary																						
<input checked="" type="checkbox"/> Poland																						
<input type="checkbox"/> Romania																						
<input checked="" type="checkbox"/> Yugoslavia																						
b. Identifiers/Open-Ended Terms																						
c. COSATI Field/Group 5C, 13I																						
18. Availability Statement Unlimited Availability Sold by NTIS Springfield, Virginia 22161		19. Security Class (This Report) UNCLASSIFIED		21. No. of Pages 65																		
		20. Security Class (This Page) UNCLASSIFIED		22. Price																		

5 January 1981

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2078

CONTENTS

BULGARIA

- Minister Dwells on Power Generation Capacity
(Nikola Todoriev; IKONOMICHESTSKI ZHIVOT, 26 Nov 80)..... 1

CZECHOSLOVAKIA

- Effective Labor Distribution Discussed by Chamber of Nations
(RUDE PRAVO, 12 Nov 80)..... 5

HUNGARY

- Economic Changes, Developments Discussed
(Marton Tardos Interview; HETI VILAGGAZDASAG, 25 Oct 80)..... 13
- New System of Land Valuation To Be Adopted
(Attila Vodros; MAGYAR HIRLAP, 5 Nov 80)..... 17
- Cooperation in International Production Specialization Discussed
(FIGYELO, 12 Nov 80)..... 20

POLAND

- Effectiveness of Individual, Socialized Farming Compared
(Boleslaw Struzek; PRZEGLAD TECHNICZNY, 26 Oct 80)..... 25

YUGOSLAVIA

- Survey of Foreign Earnings, Indebtedness, 1976-79
(Ante Zivkovic; SEDAM DANA, 15 Nov 80)..... 31
- Data on Expansion of Socialized Agricultural Sector
(Ugljesa Pavlovic; GLASNIK POLJOPRIVREDNE PROIZVOĐNJE,
PRERAĐE I PLASMANA, Nov 80)..... 35

Excerpts From Draft 1981-85 Plan for Croatia (DELEGATSKI VJESNIK, 3 Dec 80).....	44
River Transportation: Status, Plans (Dj. Mikovic; TRANSPORT, Oct 80).....	57

MINISTER DWELLS ON POWER GENERATION CAPACITY

Sofia IKONOMICHESTKI ZHIVOT in Bulgarian 26 Nov 80 pp 1-2

[Article by Nikola Todoriev, minister of power supply: "Economic Power Indicator"]

[Text] Our accelerated economic development is closely linked with the development of the power industry which is an accurate indicator of the steadily growing economic power of the Bulgarian People's Republic.

The people's regime inherited an exceptionally low energy potential as confirmed by the following figures: installed capacity, 131 megawatts; electric power production, 311 million kilowatt hours; and electric power consumption, 45 kilowatt hours per capita. These data placed our country in one of the lowest positions in Europe. Hundreds of settlements were without electric power.

Headlong Upsurge

In 1945 Kurilo was the biggest Bulgarian power plant with 19 megawatts; today the Varna TETs alone generates more electric power than bourgeois Bulgaria by a factor of 10. Presently installed capacities in electric power plants total 8,815 megawatts, concentrated in 12 big thermoelectric and one nuclear power plant; electric power production has reached 35 billion kilowatt hours. In other words, in 36 years of people's regime these eight indicators respectively increased by a factor of 64 and 108.

The total electrification of the country's settlements was completed in 1970. Specific electric power consumption rose by a factor of 100, reaching 4,400 kilowatt hours per capita. We have reached the level of countries such as Austria, Japan, and France and have surpassed Italy, Yugoslavia, Turkey, Greece, and some CEMA-member countries.

The accelerated growth of energy consumption is one of the characteristic features of the development of all national economic sectors and of the fuller satisfaction of the needs of the communal-residential sector. Last year per capita energy outlays exceeded 4,600 kilograms of conventional fuel; this year they are expected to reach about 5,000 kilograms. This achievement is double that of the world average and eloquently proves that a high living standard has been reached.

The adopted course of maximum utilization of local fuels required the accelerated development of coal mining. Between 1944 and 1980 Bulgarian coal extraction rose

by more than a factor of 10. This year it will total 31.5 million tons. Particularly important in terms of electric power production requirements is the development of low-caloric, high-ash content coal mined at the Maritza-Iztok Basin. The results of 3 years of exploitation based on the new technology of direct combustion (without preliminary drying) of the lignite by the Maritza-Iztok 3 TETs led the world to speak of the "Bulgarian experience in the power industry." Today the cost of the electric power generated by the Maritza-Iztok power plants is among the lowest in the country.

The rapid development of the nuclear power industry changed the structure of electric power production. The Kozloduy Nuclear Power Plant reached a record annual electric power production of 6 billion kilowatt hours with an annual use of installed capacity totalling 7,800 hours--the highest achievement among all European nuclear electric power plants. Today atomic power accounts for about one-fifth of the electric power produced by the country. Now Bulgaria ranks fourth in the world, after Belgium, Switzerland, and Sweden.

We have achieved considerable progress in hydraulic power construction as well. We built the Belmeken-Sestrimo and Dospat-Vucha power systems. The power generating capacity of hydraulic power plants rose from 812 megawatts in 1970 to 1868 megawatts this year, while their electric power production rose from 2.15 to 3.4 billion kilowatt hours.

In the first half of 1980 alone the country's energy potential was expanded by another 420 megawatts. An additional 210 megawatt block was installed at the Maritza-Iztok 3 TETs, and the final and sixth 210 megawatt block of the expansion of the Varna TETs--the biggest thermoelectrical power plant in the Balkans--was installed. Before the end of the year the third nuclear reactor of the Kozloduy Nuclear Power Plant will be commissioned, thus increasing the electric power generating capacity by yet another 440 megawatts.

Never before in the chronicles of our power industry have major energy generating capacities been installed in such a short time. It would be hard to find a more eloquent illustration of the headlong upsurge of our socialist power industry and of the scale of our economic development which is the result of the April party course of creating a powerful energy base.

Efficient Use

The thrifty and sensible use of power resources with the maximum utilization of local sources of energy and the accelerated development of a nuclear power industry will remain the basic criteria governing the development of our energy base.

The increase in power production capacities is the main way for meeting the ever growing needs for electric power. However, this must be combined with an increase in the power effectiveness of prime energy resources. Electric power outlays per unit of output remain rather high in virtually all sectors compared with the advanced countries. This considerable reserve should be used most rationally and completely. It is more effective to invest funds in improving the utilization of electric power rather than building new generating capacities.

Considering the steadily rising cost of liquid fuels on the world market and the growing scarcity of power resources, the struggle for their conservation and thrifty and efficient utilization is a nation-wide task. Let us stipulate that electric power consumption effectiveness does not mean restrictions but rational utilization. To this effect the ministry created the Industrial Energetics Scientific-Production Combine in charge of reconstruction and modernization and of providing scientific and design services and manufacturing non-standard equipment and spare parts for industrial and consumer needs. This year alone its work will enable us to save fuel-energy resources totalling about 290,000 tons of conventional fuel. Furthermore, the ministry also set up the New Energy Sources Scientific-Production Combine in charge of the study, designing, building, and operating equipment for the utilization of solar and geothermal energy and waste heat.

Future Development

Today the economic approach to production management has priority. Its systematic practical application is of decisive importance in the successful implementation of the major and complex tasks facing the power industry under the conditions of the new economic mechanism.

The future development of the power industry in Bulgaria will be consistent with the program drafted by the ministry for the development of the power industry and the effective utilization of energy resources during the Eighth Five-Year Plan and until the year 2000. In the next five-year plan the fourth 210 megawatt unit of the Maritza-Iztok 3 TETs will be commissioned; two additional power blocks of 210 megawatts each will be added to the Maritza-Iztok 2 TETs and the construction of Maritza-Iztok 4 TETs will be undertaken.

In 1981 the Kozloduy Nuclear Power Plant will have four reactors of the VVER-440 type; a fifth nuclear 1000 megawatt reactor will be commissioned in 1984-1985. A second 1000 megawatt reactor will be completed as well, as the result of which by 1990 the overall power generated by the plant will total 4,760 megawatts. The building of a fast neutron reactor nuclear power plant is planned for the more distant future. The share of the energy which will be produced with nuclear power will increase from 20 percent in 1980 to 28 percent in 1985, 43 percent in 1990, and 50-55 percent in the year 2000.

The production of electric power by hydroelectric power plants will rise from 3.4 billion kilowatt hours this year to 5.1 billion in 1990 and 8.1 billion in the year 2000. The construction of the Nikopol-Turnu Magurele Hydroengineering Complex on the Danube River has been undertaken jointly with Romania. Another major hydraulic construction project will be the pumping-storage Chaira Plant which will represent the second stage of the Belmeken-Sestrino power system.

In the next decade solar energy will be used more effectively and on a far broader scale.

By 1990 per capita electric power consumption will double; it will triple by the end of the century.

Milestones of Friendship

All-round cooperation and integration with the USSR are the natural results of our historical development. The first electric power plants in Dimitrovgrad and in Sofia and, subsequently, our biggest energy generating capacities, such as the Maritza-Iztok power plants, the Varna TETs, the Kozloduy Nuclear Power Plant, and others, whose names have been recorded in the golden book of the unbreakable age-old Bulgarian-Soviet friendship, were built with the fraternal help of the Soviet Union. In the Seventh Five-Year Plan about 40 percent of Soviet deliveries of complete equipment and materials for our country were for the power industry, and 84 percent of the installed power capacities were based on joint projects and equipped with Soviet installations and with the help of Soviet specialists.

The fact that so far the Bulgarian power industry has scored considerable achievements and experienced a tremendous expansion, comparable with the achievements of the most advanced countries, is mainly due to comprehensive and fraternal cooperation with the Soviet Union and to its selfless aid consisting of machines, equipment, technical documentation, and highly skilled specialists. The USSR deserves no lesser credit for the training of our technical intelligentsia in the area of the power industry. The big power projects built in Bulgaria with fraternal Soviet aid make every Bulgarian heart proud and enthusiastic. They are beacons lighting the way of our age-old friendship.

On the eve of the 1,300th anniversary of our ancient yet renovated homeland, we can be particularly proud of the fact that in the stage of its socialist maturity our great power workers are making bold, strong, and daring changes on the economic map of the homeland--the milestones of our socialist power industry. They are proving to be the worthy heirs of the great accomplishments of our fathers and grandfathers.

We are looking at the bright future with confidence and optimism, for its prospects are in the hands of the thousands-strong collective of power workers who are trained in constructive work and have proven their efficiency and political maturity in the implementation of the party's policy. Our confidence is based on our traditional friendship and cooperation with the Soviet Union. This is a safe guarantee for the successful implementation of the future tasks which will be set by the 12th Party Congress.

5003
CSO: 2200

EFFECTIVE LABOR DISTRIBUTION DISCUSSED BY CHAMBER OF NATIONS

Prague RUDE PRAVO in Czech 12 Nov 80 pp 1-2

[Text] Prague 11 November (from our parliamentary correspondent)-Tuesday's 5th Session of the Chamber of Nations had an important agenda, namely, the care which our society accords the objective-oriented planning of labor distribution and related problems of qualification and motivation of the work force as a precondition for increased efficiency and quality. The Deputies approached this discussion after many months of preparation by 8 legislative committees which dealt with 26 individual themes and conducted research in 39 enterprises, national committees, and central institutions. The session, opened by the Chairman of the Chamber of Nations, Dalibor Hanes, was attended by CPCZ Presidium members Alois Indra, Chairman of the Federal Assembly, Peter Colotka, Deputy Federal Premier, and Josef Kempny, CPCZ Central Committee Secretaries, Josef Haman, Josef Havlin, and Jindrich Polednik, and secretariat member, Marie Kabrhelova, plus deputy federal premiers, ministers of the federal government, Chairmen of the Czech and Slovak National Councils, and representatives of political parties and social organizations of the National Front.

In his introductory remarks, the Chairman of the Chamber of Nations noted that, while significant results have been achieved in the planning of labor needs and effective distribution, demands of the 1980's confront us with more complex and demanding tasks, primarily in ensuring labor effectiveness and quality.

Federal Minister of Labor and Social Affairs, Michal Stancel, then presented his report on the subject under discussion (excerpts on page 2).

What the Reporter Said

The joint reporter for the Chamber of Nations' committees, its Vice-Chairman, Vladimir Vedra, emphasized that only socialism guarantees the citizen the right to work, while making it possible for him to fully apply this right. The problem is how best to attune the interests of individuals with those of society, gradually creating conditions which would make labor a source of satisfaction, fully utilizing an individual's talents and knowledge, and becoming his everyday need.

In a state, the reporter continued, which is passing through a tumultuous stage of historic build-up and mighty expansion in industry, agriculture, and other branches, the task of distribution and qualification of labor is extremely complicated because, among other reasons, it involves the movement of many thousands of people.

The Chamber of Nations' committees, he went on, together with Deputies of the Chamber of People and both national councils, have conducted group research in 39 enterprises, national committees, central organs and institutions. The Deputies also participated in specialized seminars and studied a number of expert background papers, and conducted dozens of individualized checks in their electoral districts.

In another portion of his summation, the reporter informed the assembly of the discussions conducted by the individual Chamber committees. Thus, the committee for social policy assessed the current state and prospects of labor stabilization, and examining living and working conditions of working women, the handicapped, and workers of retirement age. By and large, committee members were favorably impressed with the implementation of our social policies; however, they also noted some negative features, among which the most serious is the still unfavorable development of fluctuation. Consequently, among other things, the committee recommends that in labor force planning we also consider the extent of fluctuation in respective enterprises. It also recommends that work be made more attractive in the second and third shifts, and that additional ways be sought of reducing overtime work and of better utilization of regular working hours.

The committee for planning and budget, stated the reporter, concentrated on creating conditions for labor stabilization in the designated branches, sectors, and areas, including housing policy. The committee emphasized the need to increase the rate of labor productivity growth, to accelerate the science-research-production process, while achieving savings in live labor, and the need of thoughtful orientation in capital investment construction. The committee also noted the need for more severe prosecution of any evasion of the socialist principles of reward.

The committee for industry, transportation, and trade assessed the territorial distribution of production capacities and their effect on the utilization of labor sources. It criticized the fact that capital investment construction is still largely directed at creation of new job opportunities and only in a miniscule measure toward economy of labor.

The committee for agriculture and food dealt with, among other problems, the state of workers in agriculture with respect to their age composition, qualifications, and distribution according to the needs and perspectives of further development in agricultural mass production. It also devoted its attention to the training of the young, social welfare, and living conditions in agriculture. Among its recommendations, the committee lists the elaboration of effective stimulation measures for raising the interest of young people in agricultural work.

The cultural committee focused on the distribution of educators and instructors in the apprentice schooling system and facilities. The legal and constitutional committee examined, for example, the effect of the legal code and other edicts on the management of the labor force in certain industrial sectors, in construction, and rail transport. It also dealt with the role of collective contracts, while recommending that legislative adjustments of certain regulations be carried out.

In conclusion, the reporter noted that the rich conclusions of the Chamber committees are in full accord with the conclusions reached by the Federal Government. He also emphasized that the necessary growth in production and performance must be based on the growth of labor productivity by means of technological and scientific development and growth of worker qualifications.

Discussion Contributions by Deputies

15 Deputies participated in the deliberations. First of these, Deputy Anton Blazej, devoted himself to the problems of long-term preparation and training of workers with respect to ensuring quality and efficiency in all types of work. He noted, among other things, that in the sphere of scientific research we employ only 12.5 percent of university graduates, whereas in other developed states this figure reaches 32-35 percent.

Deputy Zdenek Psenicka used the example of the West Bohemian Kraj to note that the basic concepts of territorial distribution of production capacities should stem from the distribution of natural resources, especially sources of raw materials, fuels, quality soil, water resources, etc. Otherwise, space fragmentation of isolated industrial units ties down a disproportionate number of workers and hinders concentration of production and related efforts toward a speedier growth of labor productivity.

Deputy Kvetoslava Bernaskova addressed Minister-Deputy Chairman of the State Planning Commission, Vladimir Janza, with the query of how the Commission planned to deal with the relative shortages in the labor force. Critical remarks on labor distribution were voiced by Deputy Irena Horecna. She stated, for example, that Vagonka Poprad/Railway Car Works, Poprad/ last year failed to fulfill their task in intra-branch transfers of workers to CKD Praha, as well as in the inter-okres drive of enterprises within the kraj. She also noted that certain people 'collect' the drive premium but soon thereafter leave the plant, while other enterprises are hiring them for short-term periods. "Such individuals are taking undue advantage of the premiums offered," she concluded.

Deputy Alois Huml assessed the various facets of workers' welfare, improvement of the working environment, plant food catering, etc., and stressed the need to reduce undesirable fluctuation.

Deputy Terezia Andrejova queried the Federal Minister-Chairman of the Peoples Control Commission, Frantisek Ondrich about fulfillment of last year's (October) 4th Session of the Chamber of Nations which dealt with improvements in the effectiveness of the control system, in accordance with the conclusions of the 15th CPCZ Congress.

Problems of Qualification among agricultural workers were brought up by Deputy Rene Zahradnik, especially with respect to urgent need to apply rapidly technological and scientific progress and the industrialization of agricultural mass production, in order that live labor might be replaced by technology. He drew attention to the fact that by 1985 the number of university and secondary school graduates in agriculture should rise from the present 110,000 to 160,000, and in the food processing industry from 23,000 to 33,000, while the overall number of workers in agriculture will continue to be reduced.

Deputy Anton Murzic drew attention to the aid to our national economy by members of our armed forces. They provide this assistance primarily in agriculture, but also in SHD Most/North Bohemian Brown-Coal Mines, Most/, in the construction of the Palace of Culture and the subway in Prague, on the nuclear power plant in Dukovany, on the Konzorcium pipeline, etc.

Deputy Vladimir Marik was of the opinion that the prospect appears better for the implementation of wage differentiation, the system of collective contracts, the fund for cultural and social needs, and social programs. Trade union officials in enterprises agree that it will be desirable to continue in the joint deliberations of the URO/Central TU Council/Secretariat and the Federal Government Presidium. It is expected that on the level of the VNH/Economic Production Unit/, five-year branch collective contracts will be used. Enterprise and plant collective contracts will stem from the annual plans of social development.

The international assistance of the fraternal socialist countries was discussed by Deputy Stefania Hartlikova. She reported that currently about 14,000 foreign nationals are working in the CSSR, predominantly from Poland, Vietnam, and Cuba.

Deputy Jozef Sepela considered housing construction as one of the most important elements of work force stabilization. However, he also emphasized the importance of differentiated wages, sub-branch wage preferences, etc.

Findings on specialized educational and training facilities, especially the distribution of instructors and educators, were presented by Deputy Gizela Zabova, and the conditions which we must create for the integration of women into the production process were discussed by Deputy Ladislav Kopriva.

Deputy Emil Rigo demonstrated with illustrations that the efforts to raise labor discipline often cause more administrative and other problems for those who demand it than those who breach it.

The last in the discussion, Deputy Oldrich Burger, announced that last year 842,000 retirees worked in our national economy, which is over 11 percent of all working people. To these he expressed appreciation for their active attitude toward life, as well as appreciation to the physically handicapped who are still making a contribution through their work.

Following the conclusion of the discussion period, Minister Michal Stancel thanked the Deputies for their responsible approach to the problems on the agenda, and assured them that the Federal Government, ministries, and central organs of the state administration would continue to give priority attention to a rationalized utilization of the work force.

From the Ministers' Responses

Replying to a query by Deputy Kvetoslava Bernaskova, Minister-Deputy Chairman of the State Planning Commission, Vladimir Janza, stated that in the Seventh Five-Year Plan the increment in the labor force will be very low and that, therefore, the key to the resolution of stated shortages will be maximum utilization of existing sources. For example, the drop in the utilization of regular working hours alone from 92.3 percent in 1975 to 91.7 percent last year, meant that we had to furnish our economy with 12,000 new workers.

"It will therefore be essential to improve the rhythm and organization of production, including its material safeguards, and reduce sick leave caused by off-the-job accidents. Also important is to improve the quality of the structure of the labor force; in industry and construction the number of blue-collar workers is dropping, while the number of technical, economic, management, and administrative workers in the non-production sphere is rising. Likewise, in the so-called tertiary sphere, we must put emphasis on labor productivity."

In the Seventh Five-Year Plan, the Minister continued, production growth will be covered exclusively by the growth of labor productivity. For this reason, we must also change the present proportion between the growth of productivity and growth of wages.

In closing his response, the Minister pointed to the fact that further principles are contained in the "Set of Measures for Improving the Planned Management System of the National Economy After 1980."

In his reply to Deputy Teresie Andrejova, Minister-Chairman of the Commission of Peoples Control, Frantisek Ondrich, stated that control activity has focused on finding reserves, insistence on conservation in our economy, and on an overall strengthening of labor discipline. The major part of control activity was devoted to the sphere of fuels and energy, foreign trade, quality, and proper utilization of reserves. In the North Bohemian Brown-Coal Basin, for example, it was a question of nuclear power plant construction, more intensive rationalization in the consumption of metals, of the share of overhead expenditures in the overall production cost, full utilization of freight transport, etc.

These undertakings, elaborated in consonance with the "Set of Measures," are directed at higher quality control operations and at strengthening their objectivity so that they can become a valid instrument in the management of our economy.

From the Adopted Resolution

In the resolution which the Deputies of the Chamber of Nations adopted, there is stress on the necessity of full application and growth of creative activity of all workers, and the need to devote great care to goal-oriented planning in their distribution, to raising their political consciousness and specialized qualification, to safeguarding their material and cultural needs, and to strengthening their social security. The resolution adds that the House of Nations Deputies will undertake in their electoral districts utmost efforts to clarify the problems under discussion in this session.

Excerpts from Minister Michal Stancel's Report

The achieved level of employment, along with a growth in labor productivity of 2.5 times in the past three decades, were one of the main preconditions for the fulfillment of the demanding tasks in our economic, social, and societal development. At the present time, we are at a stage where the population's economic activity has reached its culmination point; of the 8.7 million population of productive age, excepting the young preparing for a profession and about 260,000 women who for various reasons are still not employed, every citizen is economically active.

In this situation, the only remaining source of increased employment is, for all practical purposes, the natural increment in population which, however, at this point is not favorable. The productive age is being reached by the weak classes of the 1960's, a period of low population growth. Thus, while in past five-year plans we enrolled into the labor force 470-510,000 new workers, in the Sixth Five-Year Plan the natural increment was only 230,000, and in the coming Seventh Five-Year Plan we can count on only about 140-150,000 new workers. The entry of the young into the labor force is also being delayed by the expanding professional preparation process.

This development unfavorably affects the current level of employment, creates and intensifies undesirable disproportions between the needed labor force and our capability to satisfy this need. Our own analyses, as well as international comparisons, however, show that the current state is primarily the result of obsolete extensive economic management of the labor force, and that it is in our power to gradually eliminate the existing disproportions. Minister Stancel then dealt with the main directions and principles of effective management of the labor force during the Seventh Five-Year Plan.

The foundation of effective management in the sphere of labor rests in a determined orientation throughout the national economy on consistent limitation of job opportunity surpluses over the real sources of labor, in achieving live labor savings and not its growing consumption.

As the basic road toward effective utilization of our present labor resources, we consider, first of all, the growth in social productivity of labor. In the period of socialist construction, our country ranked by its level of labor productivity among economically-developed states. In long-term development, our average pace of per capita labor productivity was higher than in many developed capitalist states. In the course of recent years, however, we have been overtaken in the pace of labor productivity growth by a number of industrially-advanced countries, both capitalist and socialist. We must also state frankly that in certain industrial and construction branches, we have in the past few years encountered even a drop in labor productivity growth.

The causes of this development are complicated and certainly do not affect Czechoslovak economy alone. To a large measure one of the causes is the rise in prices of raw materials on the world markets, rise of energy cost, as well as the complicated sales situation on the capitalist markets. The decisive role in this development, however, was played by longer-term factors. At the 18th Session of the CPCZ Presidium, Comrade Strougal stated: "Inconsistent organization and preparation of production, irregular availability of materials and sub-deliveries, non-rational growth in overhead costs in certain production branches, and especially the slow advance of technical development and quality. These are the basic causes due to which the resolution of the 15th CPCZ Congress on the growth of labor productivity will remain unfulfilled."

Comrade Stancel also reminded the assembly of the need to achieve optimum development in the number of workers in the managerial and administrative sectors. It is important that the number of technical and economic workers /THP/, while respecting all the objective needs of development, remain within the capabilities of our national economy. Despite sectional improvement, we cannot be satisfied with this state of

affairs. Therefore, even during the Seventh Five-Year Plan we envisage planned adjustment of the development in TNP members.

Efforts to improve the utilization of regular working hours must become an essential component of more rational labor force management. The extent of present losses in working hours represents about 15 percent in industry, and as much as 30 percent of working hours in construction. In this respect we are well aware that even 1 percent of needless losses in the national economy represents a capacity of about 75,000 workers, and each wasted minute in industry alone the loss of products valued at almost 5 million korunas.

Low utilization of working hours contrasts sharply with the volume of overtime work. A serious problem which lowers the level of rationalized management of the labor force, is undesirable fluctuation. Following a certain improvement at the end of the Fifth Five-Year Plan, since 1979 fluctuation has again shown a rising tendency and has caused the national economy losses representing in one year roughly 2 to 3 million unworked shifts.

Comrade Minister reminded the assembly that experiences from the years of the Sixth Five-Year Plan confirm that wherever we introduced, by means of complex programs of workers' welfare, conceptual, goal-oriented planned and systematic social development management, we have succeeded in resolving many problems relating to the satisfaction of the work force. Development of this activity in our organizations has accelerated considerably in the recent period, the Minister noted. Expenditures in this area for the first three years of the Sixth Five-Year Plan alone reached 26 billion korunas, which is 30 percent more than for the same period in the preceding five-year plan.

Based on current experiences, the CSSR Government this year adopted principles under which, in conjunction with the "Set of Measures," this area will also be broadly governed by five-year and annual plans for cadre, personnel and social development.

On the subject of material incentive, the Minister noted that during the Sixth Five-Year Plan the demands in this area on the economic sphere were raised in the formation and utilization of wages payable. This concerned, first of all, the measure which more consistently linked wages payable with the qualitative aspects of production, above all, the relationship of wage outlays with the indicator of performance and the desirable structure of marketing. Practical experience, however, showed that not all these measures were sufficiently effective.

Therefore, in conjunction with the "Set of Measures" and in the spirit of the CPCZ Presidium report presented to the 18th Session of the Central Committee, we have already proposed certain more basic changes in the control of wages payable for the years of the Sixth Five-Year Plan, corresponding to the new, more demanding, conditions in the management and planning of the national economy. We are interested, first of all, in seeing that the extent of wages payable be even more closely tied to the formation of national revenue and growth of social labor productivity.

Comrade Stancel went on by saying that we are also preparing measures whose aim it is to strengthen the effect of wages on the rational distribution of the work force into socially-important sectors and, in terms of rewarding work, to place more value on high work performance, including the matter of stabilization. In the overall rewarding of work we will consistently apply the principle of merit and differentiation

according to the demanding nature and progressive results of labor and their contribution to society.

In this respect we must change, first of all, the attitude of leading managerial personnel, of whom many lack the courage to differentiate among outstanding, good, average, and below average workers, same as among different workshops, operational sites, plants, and enterprises.

Comrade Stancel expressed his appreciation of the work performed by women in all sectors of the national economy. It is for this reason that we will continue to create conditions for mothers who are interested in returning to work after having used up their regular maternity leave. Also important for our national economy is the help of retirees. Presently about 850,000 of these citizens who had already earned their right to rest, are still part of the labor force.

In closing, the Minister stated that an irreplaceable role in economic development is played by informal labor initiatives, socialist competition, and the participation of workers in management. In the future, more than ever before, we must utilize this creative initiative of the workers to a much greater degree in order to achieve savings in live, as well as mechanized, labor.

9496

CSO: 2400

ECONOMIC CHANGES, DEVELOPMENTS DISCUSSED

Budapest HETI VILAGGAZDASAG in Hungarian No 43, 25 Oct 80 pp 30-31

[Interview with Dr Marton Tardos, department head at the Business Outlook and Market Research Institute: "A Wide-ranging Export-Oriented Economic Policy Needed"]

[Text] It has been nearly 2 years since the article which discussed the question of alternative strategies for economic development and which created considerable stir appeared in the periodical GAZDASAG [Economy]. The authors--Rezso Nyers and Marton Tardos--in addition to a slower increase in domestic consumption than in the past, recommended a production increase aimed at exports to capitalist countries and import substitution instead of a strong holding back of production. We asked one of the authors of the study, Marton Tardos (52), department head at the Business Outlook and Market Research Institute, how he evaluates the changes and developments that have occurred since then.

Question: Nearly 2 years elapsed since the publication of your joint study with Rezso Nyers "What Kind of Economic Development Strategy Should We Choose?" What is your opinion about the important changes that have taken place since then?

Answer: We wrote our article in 1978, at the conclusion of perhaps the most unsuccessful year of the past decade from an economic viewpoint. National income rose by only 4 percent, together with a 12.6 percent increase of non-ruble imports while exports rose by only 1.6 percent. The value of stocks and unfinished investments reached unprecedented highs. Since then, the situation has improved considerably and the country's foreign trade balance--even if it has not been completely restored--has been normalized.

A great many of the favorable changes have been brought about by temporary factors. Among the latter that I consider important are a restraint of economic growth, a very important holding back of investments, the stagnation of the standard of living, the reduction of stocks, the maintenance of socialist exports within planned limits, and the fact that enterprise managers, aware of the gravity of the situation and in conformity with the intentions of government organs, moderated their import orders.

Question: Does this favorable change in the country's overall economic development represent a definitive solution?

Answer: Before talking about medium range strategy, I would sum up my opinion about the causes of the troubles, which were brought about by external and domestic factors. Exports of livestock and meat, primarily slaughter cattle, have traditionally played a leading role in the country's capitalist exports hit a slump. Hungarian enterprises were not forced on the western markets to effectively adjust to the general quick-paced inflation and to the simultaneously sharpening competition struggle by means of quick increase of export prices and slowdown of the rise of import prices. And simultaneously with the price explosion, important changes occurred in the development of economic relations between Hungary and CEMA countries.

Our earlier possibilities were characterized by the fact that the quantity of raw materials purchased for transferable rubles increased by 9.2 percent annually between 1960-1972, nearly twice as fast as the domestically produced added value. Since 1975, however, not only have CEMA raw material purchases become more expensive, but the pace of growth of the deliveries was also broken. Although the possibility of obtaining industrial raw materials purchased with transferable rubles continued to remain more advantageous than purchases from capitalist markets, in spite of significant price increases, the volume of our exports, nevertheless, rose by only 2 percent annually between 1972 and 1979. And after 1980, in general, instead of a slow increase of raw material deliveries that can be purchased for rubles, one must expect that they will remain quantitatively unchanged.

Question: Could the unfavorable change of foreign markets alone be the only explanation for all our troubles?

Answer: A few mistaken steps of our domestic economic policy exacerbated the unfavorable effects originating from the foreign market. On one hand, it is already generally today recognized that it was a mistake to exempt Hungarian enterprises from the effect of foreign market price changes. On the other hand, the unfavorable effect of the external shock was also exacerbated by the fact that we did not adequately follow the events regarding the regulation of domestic consumption. In my opinion, however, and contrary to often voiced views, one must not complain about overconsumption. Actually, one should rather talk about exaggerated accumulation due to unfounded expansionist intents.

Question: There are those who say we could achieve the long term equilibrium of our balance of payments by turning away from capitalist markets.

Answer: There are actually persons who have proposed to restrict relations with capitalist markets. They justify their point of view by saying that the monopoly structure of capitalist markets does not offer outsiders the possibility of developing their trade on the basis of comparative advantages. They stretch their assertion to the point of also blaming the deterioration of trade ratios and our indebtedness on our trade with the West which, according to them, has developed to an exaggerated extent.

It cannot be denied that for a given country if import products that cannot be manufactured domestically would become more expensive, and if this results in a deterioration of foreign trade exchange ratios, then the method and extent of adjustment into the international division of labor must be reexamined and modified.

Question: Following the price explosion, the conditions of Hungary's foreign trade relations in fact basically worsened and this trend is probably not yet over.

Answer: In my opinion, in these circumstances a lasting change can result not by restricting economic relations with capitalist markets but by speeding up capitalist exports and import substitutions. We need domestic production increases that will exceed domestic consumption, with the surplus contributing to the lessening of a tight capitalist balance of payments. From this viewpoint, it is essential to fulfill two requirements concurrently: domestic and CEMA market demand must steadily remain smaller than our production capacities; and enterprises must continuously be obliged to effectively use their production capacities.

At first glance, it appears safer to concentrate on the achievement of the first task because its execution will clearly improve the situation that had developed earlier. This statement, however, is only approximately true. The tactics of depressing the standard of living not only contradicts the long range objectives of economic development but also comes into conflict, beyond certain limits, with the shorter range requirements of the monetary balance. The replacement of capitalist imports and increased capitalist exports can be lastingly achieved only if we remunerate improved performances with growing real wages. Not to mention the fact that the discontent connected with the formation of the standard of living and of prices--as shown by many examples--can create disturbances in production that could result in an irreversible, significant and sudden deterioration of the monetary balance.

Question: In your opinion, what modification would be needed in the area of economic regulation?

Answer: Basically, the policy aimed at developing exports and substituting imports should try to solve three tasks: the planned regulation of demand, the further development of price and exchange rate policy, and the appropriate distribution of the modest means available for investment.

One should make sure that increased production creates conditions for the above-mentioned modest but resolute increase of production so that not only will the pace of increase of exports and import substitutions exceed domestic consumption, but also the shortage of goods on the domestic market are reduced. In order to do this, the established method of slowing down imports through enterprise self-limitation must gradually be supplanted by increasing the demand-limiting role of money.

Question: The system for setting production prices was modified on January 1, 1980. Has this created, in your opinion, adequate incentives for export growth and import substitution?

Answer: "The competitive price system" currently developing represents a great promise, but today it is still difficult to determine whether supply and demand will play a price setting role or whether administrative measures will continue to be applied. The effective accommodation of production to demand can, in fact, become possible only if the price of the goods in demand can truly approximate the cost of import acquisition, and if the price of the goods produced by the extra capacities does not exceed import-[price] levels even if the latter does not cover the entire cost. One should, therefore, find a way to prevent large enterprise profits from resulting either in unjustified wage increases or unjustified investments. Even more

important, enterprises temporarily operating at a loss should not be paralyzed because of a lack of state aid; they should find a way to extricate themselves from their threatened situation utilizing their own resources.

Question: What kind of development is required by this economic policy, and do we have sufficient financial means for this?

Answer: The essence of our investment policy was to completely supplement the needs of the integrated CEMA market, trusting that the excess capacity would be suitable for capitalist exports and the solution of import substitution tasks. This method already cannot be used particularly not in the future. This means that the enterprises should learn how to utilize developments serving to improve the capitalist foreign trade balance. An expansionist economic policy is needed, despite the fact that there will be little opportunity for large industrial investments. The situation also demands that--in harmony with the government's most recent measures--new resources be mobilized to promote increased cooperative and even private investments.

2153

CSO: 2500

NEW SYSTEM OF LAND VALUATION TO BE ADOPTED

Budapest MAGYAR HIRLAP in Hungarian 5 Nov 80 p 7

[Article by Attila Vodros: "Instead of the Gold Crown. Information About the New Land Valuation System. Introductory Date: 1 January 1981."]

[Text] The legal article from 1875 reads as follows: "For the purpose of proportional taxation of landed property, the net income of every landed property situated on the territory of the Hungarian state will again be established according to the decrees of this law, and a universal land tax register will be prepared." The decree from Vienna was signed by the "Apostolic King."

In the meantime, dust has gathered on the antique decree, yet in spite of this -- with modifications here and there -- it had a long life.

At its session of October 31, 1980, the Presidential Council adopted a law decree on the introduction of the new land valuation system. The Minister of Agriculture and Food regulated in an executive order the additional provisions connected with the law decree that still required regulation. Yesterday, at the Ministry of Agriculture and Food, Istvan Hoffer, head of the National Bureau of Geodesy and Cartography, informed the members of the press about the introduction and execution of the new system of land valuation.

To Protect Arable Land

Two thirds of our country's territory is suitable for agricultural cultivation. Our arable land is generally outstanding, and produces more wheat and corn, that is foodstuffs, than what we consume or feed our animals annually. In addition to meeting the domestic demand, we also have agricultural produce left over for export.

Arable land is an important element of our existence and constitutes one-fifth of our national wealth. Nevertheless, since liberation, during the process of our country's industrialization, our arable area has been decreased by 344,000 hectares -- approximately the area of one county. Because of this large-scale decrease, more protection of the land and preservation of our national wealth are justified.

The gold crown land classification system introduced in the 1870's served primarily taxation purposes. The gold crown value indicated the so-called "net returns" of the arable land.

The result was determined in gold crowns projected on registry hold [1 hold: 1.42 English acres] and we are still using this expression today. (It must be noted that this valuation inherited from the Monarchy was rescinded in Austria in 1938 as an obsolete procedure).

In Hungary, following the introduction of the socialist reorganization of agriculture, the role of arable land in socio-economic life underwent a fundamental change. This is why the economic policy measures built upon the gold crown are no longer effective today where and how they would be needed. Namely, natural factors and economic conditions from the past century are inseparably fused together in the gold crown value.

The effects of the latter conditions influencing production have changed; they no longer provide a realistic measurement of land value and do not make it possible to objectively evaluate the work performed and the results independent from the existing level of farming. This is what makes the replacement of the gold crown system with a new method necessary.

On Realistic Bases.

The new valuation is based on the natural productive capacity of the land compared with the gold crown value calculation in effect for over a century which showed not merely the actual value of the land but also for what branch of cultivation it was used, whether viniculture or grazing/meadow usage was pursued on a given area. In the meantime, the gold crown calculation, which has become almost completely obsolete--primarily from the viewpoint of large-scale farming -- is being gradually replaced by the new system which is based on natural factors.

As stated by Istvan Hoffer: The results of agricultural production and the prevailing formation of yields is generally determined by two factors: the long-range effect and relatively permanent influences, and the economic influences valid at all times, the level of farming. Although it cannot be denied that they closely effect each other, the new land assessment system nevertheless, takes into account only the total natural factors. This makes it possible to achieve an assessment of the arable land showing exclusively the effect of long-range, relatively permanent natural conditions. Of course, this system provides an opportunity to build upon it the second, dynamically changing element influencing agricultural production: the economic factor.

Natural endowments affecting the most the success of farming are basic fertility, terrain and hydrological conditions, and climatic characteristics. The most important is basic fertility, a factor which the new system expresses on the basis of soils with the poorest and the highest fertility to be found in the country, with a so-called soil value ranging from 1 to 100.

The other natural endowments influencing basic fertility are taken into account as "corrective effects"; namely, the soil value can be reduced by them, or by their unfavourable character. Finally, the result, the arable land value, is worked out.

The new land valuation extends to all outer lands and enclosed gardens, and inner-city lands under intensive farming. Its introduction after necessary preparation will begin in 1981 and will be completed by 1985. The land valuation will be carried out in a continuous manner by villages and towns throughout the country at a determined annual rate, conforming to administrative territorial divisions.

Registration

The implementation of land appraisal will affect some 8 million hectares of farmland and forests. The work will require the local designation of 55,000 sample areas, plus an average of five soil sample laboratory tests per sample area, or a total of 275,000. The carrying out of the field work and the determination of the arable area value is the task of the land office authorities, while the lab tests will be performed by the plant protection and agro-chemical stations of the Ministry of Agriculture and Food. The results will be entered into the landed property registry but only after having been made public for 30 days. The owners and managers of the lands may object to eventual erroneous appraisals which will then be judged by a decision of the land office.

The new land valuation system may be used for income regulation and other purposes only after completion of the appraisal, Istvan Hoffer said at the end of his press conference.

2153

CSO: 2500

COOPERATION IN INTERNATIONAL PRODUCTION SPECIALIZATION DISCUSSED

Budapest FIGYELO in Hungarian No 46, 12 Nov 80 p 7

[Article by G. I "Specialization, Cooperation: International Production Cooperation]

[Text] A national conference on the theme of "International Production Specialization, Cooperation and The Competitiveness of Hungarian Economy" was held on 10-12 Nov, sponsored by the Institute of Economics of the Hungarian Academy of Sciences and the Market Research Institute. About 30 talks were given and discussed.

A significant number of talks discussed the theoretical and practical problems of the CEMA countries' production cooperation. Our preliminary report sums up the more important sections of presentations by Eva Blunar, Laszlo Drechsler, Erika Ipach, Rozalia Szabo, Tamas Szatnari, Katalin Botos, Gyorgy kerekgyarto, and Irma Sabicz.

The principle of international production cooperation and specialization is defined in various ways. One extreme view represents it as the most modern form of international division of labor. The other extreme view claims that the activity we call "specialization" does not represent anything special but is the natural result of the development of international contacts and is merely the concentration of exports into certain groups of products.

The expression international production specialization and cooperation was created in the CEMA terminology although the phenomenon - generally, the phenomenon of international production cooperation - is not exclusive to relations between the CEMA countries.

Specialization and cooperation are two types of division of labor. It can mean cooperation that realizes the exchange of finished products but also the cooperation of the producers in the various phases of production. The first type of division of labor can be found in almost every country that participates in international trade. A given country can show a narrow or wide product group whose export became a spontaneous or consciously-developed activity. This type of division of labor (finished product specialization) has, however, been consciously developed in an institutionalized form only in the mutual cooperation atmosphere of the CEMA countries. At the same time, cooperation in the division of production is barely moving ahead and is on a low level even within the national economy.

A Tool to Increase Efficacy

Specialization and cooperation are not goals but only tools for the exploitation of the advantages that reside in the international cooperation and for the increase of efficacy. Not every production cooperation increases efficacy. The advantages derive from the fact that everyone can specialize in whatever they can produce relatively cheaper and the mass character of production lowers the specific cost per unit produced. The latter, the so-called economy of scale advantage, appears automatically regardless of the division we specialize in. But we can count on the first only if the comparative advantages are regarded. All of these factors are important because - and this is seldom mentioned - international production cooperation also entails extra expenses (transport, conversion, etc.) and if the comparative advantages are small or missing then the scale advantage will not offset the extra expenses of cooperation.

The results improving the efficiency of specialization and cooperation are not expressible or quantifiable in numbers. Their total effect has improved profitability though it is certain that we do not yet fully exploit the advantages that these cooperations can offer.

The Hungarian economic units that participate in the international production cooperation are interested in increasing enterprise efficiency and profit. But, due to the peculiarities of the price system, specialization and cooperation can be profitable for the enterprise but not to the national economy. The reverse is also possible. The enterprises may be interested in other matters besides profit and these other factors - such as a favorable credit - may blunt their interest in profit. Experience has shown that interest in the efficiency of international production cooperation is not always sufficient.

Other circumstances also obstruct the success of stronger efficiency requirements in the course of international production cooperation with the CEMA countries. In a significant part of production cooperations, the barter trade still precedes the fixing of the financial conditions. Specialization contracts had originally evolved as a system of legal contracts. The various state administrative organs concluded the international legal contracts and the participating enterprises signed the shipment contracts afterward. Although the contract system was modified later and generally the specialization contracts are concluded by the economic organs, many of the elements of the earlier practice remain. In these circumstances, the role of economic efficiency has narrowed, along with the possibility of decisions that are based on efficiency. The common interest of the CEMA countries is the validity of cooperation efficiency because the result of an incorrect specialization and cooperation is that both partners fare worse than they would have had the correct choice and decision been made.

Production cooperations often take place in a rigorously or strictly defined framework in barter transactions. In this event, the shipment of a certain product is balanced by another. In the above system the prices have a specific role: it fixes the terms of trade, usually to the satisfaction of both parties. The expediency and profitability of the production cooperation can be examined in this manner. On the other hand, the prices, covering costs, are usually distant from the actual market prices and they disturb the achievement of interest in profit and normativeness in the internal economy not only for the enterprise that participates in the cooperation but also in other phases of processing and utilization. In addition, the danger exists

that in a given framework the enterprise, showing a deficit, will indicate its various faults and weaknesses of its activities as a result of the transaction.

Two-Dimensional Analysis

For the exploitation of the advantages latent in the international production cooperation, it is essential that the decision be based on reliable measurements and calculations. The profitability of specializations and cooperations is examined at various levels and from various aspects. Calculations initiated by the enterprises are relatively rare, partly because such calculations are required by the central economy-regulating organs in any case. For these organs, however, the goal is not the recognition of the real situation but rather to obtain some benefit or an approval of the proposed action. For this reason, the reliability of these calculations is suspect and the promised result is usually different from that of the actual. In any case, the indices of the required calculations are not truly good measures of the efficacy of specialization and cooperation.

A two-dimensional analysis should be carried out for every act of international cooperation. First, the economics of the branch or product group that is selected for specialization and cooperation should be determined. Following this, the planned international production cooperation should be compared with other variants in order to find out whether the efficacy of the proposed cooperation is better than those of other possible solutions. The cooperation is to be regarded economic and desirable only if the answer is positive on both counts. It is an illusion to think that the economics of the cooperation is assured when it is based merely on the calculations - a sufficient interest in the efficacy is also needed/

Diverging Pricing Principles

The production cooperation of the CEMA countries developed in the 60's - rather late as compared to the international scene - and became of significant magnitude in the following decade. This is partly the reason that the price problems of specialization and cooperation are debatable. The controversy stems from the fact that specialization and cooperation are parts of the international trade and thus can not have a separate mechanism and price principle. But according to another view, a special price principle, different from the whole of the trade, has to be applied to specializations and cooperations. The so-called specialization prices principle holds that a price below world market is desirable because the large-series production has a cost-lowering effect.

The division of results between the maker and user encounters various difficulties: the national price systems differ; the currency system is undeveloped; the producer's interest is modest which hinders his technical improvement; and the equal-value exchange can be assured only if the participation of the products that are priced below world price is bilaterally identical, both in imports and exports; and the price (if less than that of the world market) mutually holds down exports to the socialist countries.

According to proposals that aim to eliminate the disadvantages of the specialization price principle, equalization of shipments, specified in the production cooperation contracts, is the aim. The excess production can be re-exported. If there is no zero balance, the excesses and deficits may be written, using coefficients, on the transfer ruble accounts.

The view that disputes the goals and applicability of the specialization price principle starts from the point that every economic community and integration has to have a base of positive incentive. This can be reached two ways: both countries buy for less from each other than from others or sell for higher prices than on the outside markets. It is indisputable that the Bucharest price principle created this positive incentive - although in a way it differs from the intended effect. (The Bucharest price principle was customer-oriented. Due to the half-transport principle and the given price, member countries could have bought for less from one another but in reality every socialist country sold goods to another for higher prices than what they could have got for their goods in convertible currency.)

Until the second half of the 70's the cohesive strength of the socialist community and the CEMA market derived from an advantageous price it paid for a good proportion of the production and, in addition, it assured a major portion of the needed imports. The CEMA prices have been approaching those of the world market since the middle of the decade and the community assures only an ever-shrinking portion of the mutually-needed imports. Thus, the relative advantages of the CEMA market for the exporters of the processed products have decreased.

The sellers' interests have further increased, due to the events in the world economy. The consumer demand spurs only the purchases and re-produces the acute shortages although its opposite, the supply side (and a higher technical level also) is needed. Regarding all of the above presently and in the near future only the world market price base can be applied to specialization and cooperation contracts.

Only by Legal Tools?

Other factors add to the lowering of specialization's and cooperation's efficacy. In the national economic and international cooperations the organic and close connection of science-technology-production-marketing are important. The importance of this connection was emphasized by the 31st session of CEMA. Yet, specialization cooperation and the scientific-technical cooperation continue traveling on separate roads. The scientific-technical cooperation contracts do not contain any concepts for specialization and cooperation and the specialization and cooperation contracts do not project any developmental and technical cooperation tasks. The participation of new techniques is about 10-12 percent for the specialized products. Another deficiency of the production cooperation is due to the practice of specialization and cooperation contract making by the representatives of the specializing and non-specializing organizations and enterprises and the role of the products' direct user is a passive one.

The CEMA integration model - and, within, the role of specialization and cooperation - was drawn by the Comprehensive Program. But the mechanism of integration has not advanced and could not advance satisfactorily. The role of products and price has not changed at all and only the attempt to improve the cooperation of planning has advanced. In other words, the inter-state levels' role grew and now the inter-enterprise cooperation has but a scanty role. It should be mentioned here that the legal concept of specialization has become outmoded in many respects and has separated from reality. One important substantive element of specialization contracts is the declaration of binding product shipment obligation. But in the present price system the price can not be set for a long-term contract and without a price no contract of legal power can exist. In the absence of legal power the partner can violate unpunished even one-year shipping contracts. A condition to contract for a long term

is the preparation and use of a proper sliding-price clause. The anomalies that are deeply rooted in economic life and appear to be legal and the experience of the specialization contract systems prove that legal tools can regulate only those economic processes that are rooted in economic policy and are properly regulated.

10101
CSO: 2500

EFFECTIVENESS OF INDIVIDUAL, SOCIALIZED FARMING COMPARED

Warsaw PRZEGLAD TECHNICZNY in Polish No 43, 26 Oct 80 pp 16, 17

[Article by Boleslaw Struzek, Director, Institute of Economics for Agricultural and Agrarian Policy of the Main School for Farming of the Agricultural Academy in Warsaw: "Farming Without Myths"]

[Text] Popular opinion here has it that the chief cause of the shortages of farm products, and consequently the main cause of food shortages, is an anachronistic agrarian structure, insufficient increase in individual farming production, or the alleged prosperity of the peasants, who "do not want to work harder." Often, too, the large number of farm households in which people hold down two jobs is mentioned. Although these opinions are based on hard facts, they do not reach the heart of the problem.

It cannot be denied, of course, that the agrarian structure of individual farming is archaic, but at the same time in a real farming situation it is precisely this archaic structure that allows a relatively high level of production to be reached.

Can the production rate in individual farming be further increased? Of course, but only if certain conditions are fulfilled. For example: More production means, improvement in their quality, better delivery schedules, establishment of the right economic conditions, etc. During 1970-1979, individual farming production (calculated per one hectare of arable land), grew at almost the same rate as socialized farming, while investment outlays and deliveries of turnover means were much lower.

Need we wonder at the attitude of the farmers who say that they will not increase production further because they cannot obtain the essential means and because they meet with many kinds of obstacles? Furthermore, most farmers, even those expressing such opinions, still try to produce as much as possible on their farms.

If expansion actually does occur on the small farms, particularly among the two-job people, then the question should also be asked: Is this not caused by the farming policies relating to these farms?

Let us examine further some of the processes and problems occurring in individual farming, more precisely, in the entire nonsocialized farming economy.

The first of these problems are the changes in the production potential of individual farming. During 1970-1979, the arable land area decreased by 1,583 thousand hectares, or 10 percent. The reduction in the work force (according to the latest figures issued by the Central Office of Statistics (GUS) is estimated at about 15-18 percent. According to the most recent GUS data, in 1979 there was 1.1 person (assuming a fully-employed basis) per one peasant farm.

The producing potential of individual farming, it may be said, declined somewhat during 1970-1979. Nevertheless, in 1979, gross farming output, calculated in fixed prices, was 12 percent higher than in 1970 (including 22 percent more livestock production), final output was 21 percent higher, and commercial production was 33 percent higher (including 42 percent more livestock). This indicates improvement in farming effectiveness. This is shown also by the growth indicators for specific production categories, calculated per one hectare of arable land in fixed prices. Thus, gross output in 1979, calculated per one hectare of arable land, was 26.2 percent higher (including 41 percent more livestock), final output increased 34.8 percent, and commercial output 54.2 percent (including 31.3 percent more plant production and 68.2 percent more livestock). As already mentioned, the growth rate of gross and final output calculated per one hectare of arable land during 1970-1979 was almost the same in socialized and nonsocialized farming. However, during these nine years, the commercial output growth rate in nonsocialized farming was higher. In nonsocialized farming, commercial plant production during this period increased 31.1 percent; it declined 5.6 percent in socialized farming.

Final commercial production in socialized farming in 1979 was about 14 points higher than in nonsocialized farming. But while the commercial production index remained the same during nine years, in nonsocialized farming, commercial production rose from 72 to 80 percent. Almost 89 percent of the total commercial production was realized in socialized purchasing (compared to 82 percent in 1970). Of course, in estimating commercial production in nonsocialized farming, we must not forget the natural consumption of food by the farming population. In 1979, this amounted to approximately 19.5 tons of final output. This consumption eases the pressure on the food market. It is equivalent to almost one fourth of the market value of domestic retail food sales.

Net and final output per one hectare of arable land is approximately 20-21 percent higher in nonsocialized farming than in socialized farming. The urgency for improvement in farming efficiency in the socialized farming sector is obvious.

While, during 1970-1979, socialized farming's share in the country's total arable land rose from 19 to 25 percent, this sector's share in value of

outlays in materials and services from purchases increased from 31.8 to 47.5 percent. This means that almost half the production means, such as fertilizers, feed, fuel, shelter, and production services was consumed by socialized farming. In 1978, in the socialized sector, the consumption of these means per one hectare of arable land (in current prices) was 18.3 thousand zlotys; in nonsocialized farming, it was barely 6.6 thousand zlotys, or one third as much.

Similar irregularities in allocation of means, although on a smaller scale, occurred in individual farming. The belief spread that only specialized farms, and farms 10 hectares and larger, could increase farming production.

Who, and How Much?

In this connection, let us look at the accounts of various-size farms that maintain bookkeeping records.

Increases in farming production per one hectare of arable land in farms of specific sizes during 1979 were as follows:

--total number of farms,	26,296 zlotys	-	100.0 percent
including,			
--to 3 hectares	28,088 zlotys	-	110.6 percent
--3 to 7 hectares	28,094 zlotys	-	106.8 percent
--7 to 10 hectare	25,151 zlotys	-	95.6 percent
--10 to 15 hectares	24,425 zlotys	-	92.8 percent
--15-plus hectares	22,198 zlotys	-	84.4 percent

Thus, in farms up to 3 hectares, the increase in gross output per one hectare of arable land, over nine years, was 31 percent higher than in farms of 15 and more hectares, and 19 percent higher compared with 10-15 hectare farms.

The value of gross farming output per one hectare of arable land in farms up to 3 hectares in 1978-1979 was 27.9 percent higher than in 10-15 hectare farms and 35.4 percent higher compared with farms 15 hectares and larger.

Also, the value of commercial production per one hectare of arable land in farms up to 3 hectares was 21 percent higher than in farms of 15 hectares and larger, including almost 27 percent more livestock production.

Money-material outlays for output, calculated on the basis of one hectare of arable land in farms up to 3 hectares, were naturally higher (38.6 percent) compared with farms of 15 hectares and larger. But investment outlays were correspondingly lower, 41.9 percent. Despite the fact that in farms up to 3 hectares the livestock production share in total commercial production was highest (75.6 percent in 1978-1979), purchased feed's share in the total value of feed outlays was scarcely 24 percent!

In farms of 3-7 hectares, the indices mentioned were about the same as those for farms up to 3 hectares.

Let us look at statistical data on all individual farms of more than 0.5 hectares. I have in mind data on farm product purchase records maintained by cooperative banks.

In 1979, 104,000 farms, with 0.5-2 hectares, realized, on an average, a purchase value of 102,900 zlotys per one hectare of arable land.

In all farms where purchase records were kept on products sold, the share of 0.5-10 hectare farms in purchase value was 64.4 percent; in acreage of arable land of farms which kept records on products sold, this figure was 63.7 percent. The share of these farms in purchasing was even slightly higher than in arable land acreage.

Among farms with the highest purchasing rate, based on one hectare of arable land, (there were 418,000 such farms in 1979), 322,000 or 77 percent were 0.5-10 hectare farms.

Also, in the average purchasing rate group, 545,000 farms, the share of 0.5-10 hectare farms was 88 percent (480,700 farms).

Combined, 0.5-10 hectare farms with high and average purchasing rates totaled 803,000 farms. They sold products valued at 119.1 zlotys, which was 50.2 percent of the total purchasing value. These farms owned scarcely 28 percent of the arable land of all farms on which records were kept. The average purchasing value in these farms, calculated on the basis of one hectare of arable land, amounted to 31,000 zlotys, while average purchase per one hectare of arable land in all farms selling farm products was 19,000 zlotys. It should be added that in 1979, the average purchasing value in specialist farms per one hectare of arable land was 35,000 zlotys.

The stratification of 0.5-10 hectare farms participating in turnovers recorded by cooperative banks is worth noting. In 1979, there were 2,415 thousand such farms. Of these, 33.2 percent had high and average purchasing rates, 45 percent had low rates, and 20.8 percent of the farms did not sell farm products on which purchase records were maintained. This indicates that in over 66 percent of the farms in this group (1,1612 thousand), farm product purchasing could be greatly increased.

The number of farms with low purchase rates per one hectare of arable land totaled 1,293 thousand in 1979, or 44.3 percent of the total. These farms owned 6,523 thousand hectares of arable land, or 47.6 percent of the total arable land on which records were kept. Together, both these groups (with no sales and with low sales) totaled 1,802 thousand farms (61.7 percent of the total number), and tilled almost 7.5 million hectares, or 54.6 percent of the total arable land area. However, their share in recorded purchases amounted to scarcely 28.8 percent.

This problem cannot be solved by simply liquidating these farms. A comprehensive program aimed at increasing production must be introduced. These

farms probably have the following in common: low consumption of mineral fertilizers, concentrated feed mixtures, approved sowable materials, etc. Of course, a large percentage of these farms have lost most of their capacity to function and the only solution remaining is liquidation (sales, conveyance to the State in exchange for a pension, reduction to the size of a garden plot). But many of these farms can be salvaged by implementing a production-growth program. Each case must be approached on an individual basis to find the correct solution.

Livestock and Feed

Let us examine the data on the livestock population in individual farming. Changes in livestock population in specific area groups in individual farming occurred due to the tremendous transfer, in a very short time, of livestock to socialized farming. During 1970-1979 alone, livestock population in socialized farming increased as follows: cattle, 90.6 percent (1,651 thousand head), including cows, 29.8 percent (192,000), and remaining cattle, 123.5 percent (1,459 thousand head). The pig population increased 188 percent (4,146 thousand), and sheep, 216 percent (1,037 thousand). Calculated per large head, the population of the three mentioned categories of livestock increased 115 percent in nine years.

During the same period, the livestock population in nonsocialized farming, calculated per large head, increased by scarcely 10.6 percent, or at less than one tenth the rate. Cow and sheep population, calculated in physical units, even declined; only the young cattle population increased (21.5 percent) and pigs also (30.8 percent).

Of course, these changes were followed by a transfer in the means allocated for building investment and concentrated feed. This was accompanied by an inflow of land and young stock from individual farming.

The State's support of farm animal breeding in socialized farm enterprises and on large farms, particularly the specialized farms--with limited means--has meant that the position of small and average farms in livestock production has steadily declined.

The concentration of livestock breeding in socialized farming and on the larger peasant farms, conducted on such a large scale, caused fodder production to fall behind. This caused a rapid growth in the grain-intensive-ness of livestock production, decreased the effectiveness of fodder-feed farming, and resulted in a high livestock mortality. Thus a process which was supposed to contribute to rapid growth of livestock production caused its setback, destabilization, and increase in unit costs.

In 1970-1978, in farms up to 10 hectares, total cattle population declined by 257,000 head, cows by 444,000 and sheep by 144,000. Only young cattle population increased (by 187,000 head) and pigs (by 1,362 thousand). And so over 2.5 million individual farms were actually eliminated from the farm production growth process. Of course, this elimination did not occur during the entire period under discussion.

These data show that for several years now we have not been able to create and maintain conditions that would stabilize livestock production growth in small and average-size (to 10 hectare) individual farms. These periodic fluctuations are not caused mainly or exclusively by changes in fodder production. The real causes are rooted also in the socioeconomic plane and above all, in the weaknesses of the production support policies for these farms.

The valid farm policy principles which state that socialist reconstruction of farming should coincide with farming production growth, that the same conditions for development of farming production should be created in all farming sectors and types of individual farms, were never observed in practice. There were a large number of deviations from these principles, between 1974-1977 particularly. Preferential treatment for some farms (and sectors) limited the development of the remaining ones. In the meantime, other new circumstances arose which required that agricultural policies be better adapted to the means, needs and tasks of farming. I will limit myself merely to conclusions and suggestions for better utilization of production potential in the nonsocialized economy. I put this problem at the forefront because a production increase in this area is the least costly, particularly insofar as additional investments, i.e., outside outlays, are concerned.

Measures of general significance, important for nonsocialized farming, to which more attention should be paid in the next few years, include the following:

--Introduction of an efficient pricing system as soon as possible, and conduct of an appropriate pricing policy,

--Maximum reduction of State control over production means,

--More attention to economic instruments, good advice, and organizational aids,

--Basic improvement in the functioning of the rural market, particularly the farming market. And finally, and most important, formation of conditions that will allow genuine farm self-government. To do this, a law must be passed on farm self-government, whose framework should be our revived agricultural circles and sector producer groups.

Note: Title and subtitles were furnished by PRZEGLAD TECHNICZNY. This article is an extensive excerpt from prof B. Struzek's work titled "Transformations in Peasant Farming During 1970-1980, its Socioeconomic Character and its Effects on Agricultural Policy," which will be published soon in the monthly WIES WSPOLCZESNA.

SURVEY OF FOREIGN EARNINGS, INDEBTEDNESS, 1976-79

Zagreb SEDAM DANA (supplement to VJESNIK) in Serbo-Croatian 15 Nov 80 p 6

[Article by Ante Zivkovic: "Why Are We Losing?"]

[Excerpt] Divergence of Interests

Only twice in the last 5 years has our economy recorded a sharp increase in commodity exports. When it comes to invisibles, we will recall that year after year we have progressed, though without distinctive leaps. If we adjust the growth of exports for the rise of export prices, we discover that in 1976 we managed to augment exports by about 15 percent, and then followed stagnation and slumps until this year, when we achieved a real growth of exports of less than 10 percent at a relatively high cost and with a great effort.

In the meantime--because of the exceptionally broad front of capital investment projects and consumption which has objectively exceeded real capabilities--imports have not been directly linked to exports. Imports have grown year after year almost without exception, and in some years there have even been very sharp increases. Why have things been developing this way? Certainly the causes are mainly domestic, but there have also been some beyond our influence. The discrepancy between domestic spending and the income earned in the country is one of the important causes of inflation. It is the reason why prices have risen, and they in turn have brought about the rise in production costs. Naturally, this has tended to detract from the competitiveness of Yugoslav products not only on the export market, but even in Yugoslavia. This phenomenon, which has been evident for some years, in combination with the unrealistic rate of exchange of the dinar (by comparison with the currencies of the countries which are our most important trading partners), inevitably had to bring about a divergence of the interests of the exporting and importing sectors of the economy.

Decline of Exports

Given the overvalued domestic currency, importers have always been the gainers in terms of income, while exporters have suffered. Even the policy

of supporting exports with credit and financial incentives could not essentially alter the situation. Especially since its application in practice has not as a rule kept up with events, sometimes lagging only a few months, but sometimes even longer. Since all of this has gone on for quite some time, it has inevitably affected the commitment of organizations of associated labor in attaining the quality, assortment and even the very appearance of products intended both for the domestic market and export. These shortcomings were joined by others. Shortcomings, above all, in the orientation of exports and in the development of the foreign trade network, which even today--however much it has hurt us--in spite of the best intentions and commitments is predominantly oriented toward importing rather than exporting. This network developed according to where the income was, and, as we have said and as shown by the business results, the income has come from imports.

It is significant that in recent years we have been facing not only a decline in the share of our exports in total world imports, where it has dropped to some 0.40 percent, but also a decline of the growth of exports in the growth of the social product. The share of certain industries which for years have been traditionally oriented toward export has over the last several years suffered an obvious decline in total Yugoslav exports. At the same time their decline in total exports has been made up for by new production groupings. On the other side the deficit in those industries which had even previously had a negative trade balance has grown over the last 5 years. We are referring to the production of transportation equipment, machinebuilding, ferrous metallurgy, production of petroleum and petroleum derivatives, and the chemical industry. Here developments on the international market have not been favorable to us. While the price of petroleum has risen appreciably--and it has a share of more than 45 percent in total energy consumption--the price of the products of machinebuilding, and that means the price of the technology we have purchased along with it, has increased accordingly, sometimes at a faster and sometimes at a slower rate. If we examine only the data on machinebuilding, we see that in its foreign trade it recorded a deficit of \$120 million in 1975, and then last year the deficit exceeded \$2.2 billion!

Unutilized Potential

Nevertheless, the growing gap between imports and exports, both in the overall and also with respect to individual types of products, has not occurred solely because of the adverse movement of export and import prices. There is no question that its origin lies mainly in the manner in which income is distributed, in relations in the distribution of income--both primary and secondary--which in the context of the overvalued domestic currency has stimulated imports and has had a depressive effect on domestic production and its development.

Foreign Credits (in millions of dollars)

	<u>1977</u>	<u>1978</u>	<u>1979</u>
Financial credits	3,344	4,281	5,514
Credits for equipment	5,304	6,284	7,794
Credits for materials	615	746	930
Credits for food	73	51	32
Miscellaneous	<u>30</u>	<u>39</u>	<u>33</u>
Total	9,366	11,401	14,303
Total debt as of 31 December	9,540	11,833	14,952

Interest on Credit (in millions of dollars)

<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
291	337	369	381	455	1,123

Commodity Trade (in millions of dollars)

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Exports	3,805	4,072	4,878	5,254	5,671	6,794
Imports	7,520	7,697	7,367	9,634	9,988	14,019
Trade balance	-3,715	-3,625	-2,489	-4,380	-4,317	-7,225

Invisible Inflow and Outflow (in millions of dollars)

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Remittances						
Inflow	1,621	1,696	1,884	2,097	2,890	3,393
Outflow	242	369	469	670	1,176	1,683
Tourism						
Inflow	700	768	802	841	1,060	1,183
Outflow	56	66	77	91	120	155
Transportation						
Inflow	739	850	908	1,071	1,150	1,405
Outflow	343	420	479	503	565	674
Visible and invisible balance	-1,183	1,032	165	-1,582	-1,256	-3,661

Industries Generating a Surplus (in millions of dollars)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Nonferrous metallurgy	240	136	124	167
Shipbuilding	195	189	307	218
Textiles	177	153	175	178
Leather	260	247	271	313
Wood	380	417	400	478

Industries Recording a Deficit (in millions of dollars)

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Petroleum	849	1,024	1,136	1,887
Ferrous metallurgy	382	527	485	688
Machinebuilding	1,055	1,356	1,534	2,224
Chemical industry	520	792	823	1,225
Agriculture	341	573	505	814

7045

CSO: 2800

DATA ON EXPANSION OF SOCIALIZED AGRICULTURAL SECTOR

Belgrade GLASNIK POLJOPRIVREDNE PROIZVODNJE, PRERADE I PLASMANA in Serbo-Croatian No 11, Nov 80 pp 14-17

[Article by Ugljesa Pavlovic, M.A.: "Trends in Expansion of the Landholdings of Yugoslavia's Socialized Sector of Agriculture"]

[Excerpts] Expansion of the landholdings of socialized agricultural organizations is very important to intensification of agricultural production and to the production of farm products for the market. This expansion depends on the country's socioeconomic development and economic and social changes in rural areas affecting the rate of transfer of land from private to public ownership. As a function of this development and these changes in rural areas the rural population is more and more taking employment off the farm, so that some people are permanently leaving agriculture and rural areas, while others are remaining and continuing to make their living in agriculture. Research of the Serbian Republic Bureau of Statistics done in 1979 shows that about 20 percent of farm households keep their young people on the farm, and in settlements located near the opstina seat this percentage is still lower (13 percent), and in settlements in the vicinity of major cities and industrial centers it is only 8 percent. Consequently, most rural young people are going to school and taking employment away from the farm, and an increasing number of rural households are being left without manpower, the conditions thus being created for expansion of the landholdings of the socialized sector of agriculture either through leasing or purchase of the land from the private farms. Moreover, socialized agricultural organizations are also augmenting their landholdings in other ways such as these: developing new land through improvement, annexation of commonland and pasture, recovery of usurped land, taking over abandoned land, etc.

Principal Forms of Expansion of Landholdings

Aside from the landholdings created through the 1945 agrarian reform (about 840,000 hectares) and the 1953 Law on Farmland Holdings (about 276,000 hectares were purchased), the principal forms of expansion of the landholdings of socialized agricultural organizations have been leasing and purchasing of land, new land development and recovery of usurped land.

Though leasing does not signify a change of ownership of the land, it is still one of the ways it speeds up the process of socialization of agricultural production and the strengthening of socialist social relations in rural areas. In the period from 1961 to 1979 leasing had a share of about 56 percent in the total expansion of the landholdings in the socialized sector.

The purchasing of land from private farms is the principal form for augmenting the area of publicly owned land, whose share in this period was 28.3 percent of total expansion of landholdings.

Newly developed areas obtained through land improvement and the recovery of usurped land had the smallest share (15.8 percent) in total expansion of the landholdings of the socialized sector of agriculture in that period. Newly developed areas are mainly obtained by clearing forestland and brush, by transforming pastures into cultivable land and by improving reproductive land near rivers and canals. A portion of these areas are subject to erosion and flood and from the standpoint of expansion of the landholdings of the socialized sector of agriculture do not have the importance of land which is purchased, since most of the land purchased is plowland (about 85 percent).

The recovery of usurped land is a special form of expansion of the landholdings of the socialized sector of agriculture. That is, the usurpation of public land by private farmers was quite common after the peasant-worker cooperatives were dissolved, when both public land and private land were grabbed. But even today there are cases when boundaries are plowed under and public land is appropriated. Yet there is less and less seizing of public land, and the recovery of usurped land is also declining, so that it has a relatively small share (about 7 percent) in total expansion of landholdings, but in recent years it has been about 2 percent.

According to the figures in Table 1, all forms of expansion of the landholdings of the socialized sector are on the decline, except in the 1976-1979 period, when there was a slight increase in leasing, purchase and new land development.

In both relative and absolute terms leasing has the largest share in total expansion of landholdings, and it is followed by purchases and new development, and recovery of usurped land has the lowest share.

With respect to plowland, its share in the total expansion of the landholdings of the socialized sector of agriculture also shows a declining tendency: from 19.5 percent in the 1961-1965 period to 4.1 percent in the 1971-1975 period (Table 2).

If the leasing of land is omitted from total expansion of the landholdings of the socialized sector of agriculture, since this land is not publicly owned, then in the 1961-1979 period the share of purchases was 64 percent

(in Vojvodina land purchases have a share of all of 90 percent, while in the various republics and Kosovo it does not exceed 50 percent).

Table 1. Principal Forms of Expansion of the Landholdings of the Socialized Sector of Agriculture in Yugoslavia

<u>Period</u>	<u>Leasing of Land</u>	<u>Purchase of Land</u>	<u>New De- velopment</u>	<u>Recovery of Usurped Land</u>	<u>Total</u>
Area, in hectares					
Ø 1961-1965	104,500	67,454	15,247	15,471	202,672
Ø 1966-1970	41,298	20,260	7,308	7,540	76,400
Ø 1971-1975	33,772	10,124	4,643	2,931	51,470
Ø 1976-1979	36,359	11,623	6,321	1,323	55,626
Breakdown, in percentage					
Ø 1961-1965	51.6	33.3	7.5	7.6	100
Ø 1966-1970	54.1	26.5	9.6	9.0	100
Ø 1971-1975	65.6	19.7	9.0	5.7	100
Ø 1976-1979	65.3	20.9	11.4	2.4	100

Table 2. Share of the Principal Forms of Expansion of Landholdings in the Total Plowland Held by the Socialist Sector of Agriculture in Yugoslavia, in percentage

<u>Period</u>	<u>Leasing of Land</u>	<u>Purchase of Land</u>	<u>New De- velopment</u>	<u>Recovery of Usurped Land</u>	<u>Total</u>
Ø 1961-1965	10.0	6.5	1.5	1.5	19.5
Ø 1966-1970	3.4	1.7	0.6	0.6	6.4
Ø 1971-1975	2.7	0.8	0.4	0.2	4.1
Ø 1976-1979	2.8	0.9	0.5	0.1	4.3

Table 3. Leasing of Land by Socialized Agricultural Organizations, annual average

	<u>1961-1965</u>	<u>1966-1970</u>	<u>1971-1975</u>	<u>1976-1979</u>
Area, in hectares				
Yugoslavia	104,500	41,298	33,772	36,359
Bosnia-Herzegovina	1,185	281	79	130
Montenegro	163	83	45	25
Croatia	9,841	5,101	7,279	10,578
Macedonia	8,214	1,562	1,144	923
Slovenia	6,481	2,824	2,034	1,718

Table 3 (continued)

	<u>1961-1965</u>	<u>1966-1970</u>	<u>1971-1975</u>	<u>1976-1979</u>
Serbia as a whole	78,716	31,447	23,191	22,985
Serbia proper	5,797	2,915	1,038	935
Vojvodina	66,406	26,313	21,800	21,425
Kosovo	6,512	2,219	353	625

Breakdown, in percentage

Yugoslavia	100.0	100.0	100.0	100.0
Bosnia-Herzegovina	1.1	0.7	0.2	0.4
Montenegro	0.2	0.2	0.1	0.1
Croatia	9.4	12.4	21.6	29.1
Macedonia	7.9	3.8	3.4	2.5
Slovenia	6.2	6.8	6.0	4.7
Serbia as a whole	75.2	76.1	68.7	63.2
Serbia proper	5.5	7.1	3.1	2.6
Vojvodina	63.5	63.7	64.6	58.9
Kosovo	6.2	5.3	1.0	1.7

Leasing of Land

Although the leasing of private land by socialized agricultural organizations does not signify a change of ownership or expansion of the area which is public property, in our context it is still the dominant form for creation of large land areas of agricultural organizations. Vojvodina accounts for 59-65 percent of all the land leased in Yugoslavia, though over a lengthy period of time the leasing of land is decreasing in all areas, including Vojvodina (Table 3).

The most extensive leasing of land was in 1961, when about 150,000 hectares were leased. There has been a declining trend since that time, and in 1979 the area leased was about 37,000 hectares. The leasing and purchasing of land are correlated to one another to some extent, and this is manifested over almost the entire period, except that there has been a decline in absolute values for both forms, but the larger decline has been for the leasing of land.

It is evident from Table 3 that the largest leasing of land is in areas where the field cropping of the socialized sector of agriculture is more highly developed, and those regions are Vojvodina and Slavonia. That is why over the last 10 years Vojvodina and Croatia have accounted for almost nine-tenths of all the land leased in Yugoslavia, about 90 percent of it plowland (in Slovenia plowland has a share of 37 percent, in Macedonia 49 percent, but in Montenegro 71 percent).

Purchase of Land

The purchase of land has particular importance as a form of expansion of the landholdings of the socialized sector in the context of our socioeconomic development, since purchased land becomes public property. Socialized agricultural organizations are more interested in long-term investments in purchased land than is the case with land they lease. The purchase of land is therefore both an element in the farm policy of expanding the landholdings of the socialized sector of agriculture and also a factor in augmenting total production and market production of farm products (see Table 4).

Table 4. Land Purchases by Socialized Agricultural Organizations, annual average in hectares

	<u>1961-1965</u>	<u>1966-1970</u>	<u>1971-1975</u>	<u>1976-1979</u>
Area, in hectares				
Yugoslavia	67,454	20,260	10,124	11,623
Bosnia-Herzegovina	5,803	780	40	106
Montenegro	280	60	16	—
Croatia	16,214	6,036	1,837	5,264
Macedonia	8,598	1,567	804	543
Slovenia	5,092	323	229	742
Serbia as a whole	31,467	11,494	7,190	4,968
Serbia proper	3,609	1,342	429	1,122
Vojvodina	25,645	9,928	6,675	3,773
Kosovo	2,213	224	94	72
Breakdown, in percentage				
Yugoslavia	100.0	100.0	100.0	100.0
Bosnia-Herzegovina	8.6	3.8	0.4	0.9
Montenegro	0.4	0.3	0.2	—
Croatia	24.0	30.0	18.1	45.3
Macedonia	12.8	7.6	7.9	4.7
Slovenia	7.5	1.6	2.3	6.4
Serbia as a whole	46.7	56.7	71.1	42.7
Serbia proper	5.4	6.6	4.2	9.6
Vojvodina	38.0	49.0	65.9	32.5
Kosovo	3.3	1.1	1.0	0.6

In the period from 1961 to 1979 the largest land purchases were in 1963, when about 136,000 hectares were purchased from private farms. Land purchases have been decreasing since that time, and in 1979 amounted to only about 9,000 hectares. In this period (1961-1979) a total of 536,000 hectares were purchased in Yugoslavia, and the largest amount was purchased in Vojvodina (226,000 hectares, or about 40 percent) and Croatia (141,000

hectares, or more than 26 percent). It follows that in this period Vojvodina and Croatia account for more than two-thirds of all the land purchased in Yugoslavia.

As in the leasing of land, plowland is purchased in the largest amount and over the last 10 years has accounted for nearly nine-tenths of land purchases.

Up until the 1965 economic reform most of the land was purchased by farmer and peasant cooperatives--about 50 percent of all the land purchased. Thereafter there was a decline in the relative share of these cooperatives in total land purchases, especially in the last 3 years, i.e., since adoption of the Law on Associated Labor, when more intensive integration in the agroindustrial complex came about and when certain farmer cooperatives were reconstituted as basic organizations of associated labor.

New Land Development

Actually new development of land did not contribute to expansion of the landholdings of the socialized sector, since this land was already public property and merely entered another use category (becoming arable land instead of brush or other barren land).

From the standpoint of total expansion of the landholdings of agricultural organizations this form has a relatively small share (about 9 percent).

In the period from 1961 to 1979 the socialized sector received 161,000 hectares of arable land through land improvement. The largest area was developed in 1961 (about 32,000 hectares), and the least in 1972 (only 2,000 hectares). So, as in the case of the other forms of expansion of the landholdings of the socialized sector, so in the development of new area there has been a decline, except that for this form the fluctuations from year to year and from region to region have been more pronounced (Table 5).

Table 5. Newly Developed Area of Socialized Agricultural Organizations, annual average in hectares

	<u>1961-1965</u>	<u>1966-1970</u>	<u>1971-1975</u>	<u>1976-1979</u>
Area, in hectares				
Yugoslavia	15,247	7,308	4,643	6,321
Bosnia-Herzegovina	1,106	832	286	693
Montenegro	318	24	—	197
Croatia	3,367	2,331	427	2,790
Macedonia	4,275	2,187	2,618	283
Slovenia	926	82	350	721
Serbia as a whole	5,255	1,852	962	1,637
Serbia proper	1,100	322	303	1,328

Table 5 (continued)

	<u>1961-1965</u>	<u>1966-1970</u>	<u>1971-1975</u>	<u>1976-1979</u>
Vojvodina	2,452	1,193	576	206
Kosovo	1,703	337	83	103
Breakdown, in percentage				
Yugoslavia	100.0	100.0	100.0	100.0
Bosnia-Hercegovina	7.3	11.4	6.2	11.0
Montenegro	2.1	0.3	--	3.1
Croatia	22.1	31.9	9.2	44.1
Macedonia	28.0	30.0	56.4	4.5
Slovenia	6.1	1.1	7.5	11.4
Serbia as a whole	34.4	25.3	20.7	25.9
Serbia proper	7.2	4.4	6.5	21.0
Vojvodina	16.1	16.3	12.4	3.3
Kosovo	11.1	4.6	1.8	1.6

Macedonia and Croatia had the largest share in development of new land in our country. These two republics account for about 50 percent of all the new land developed in this period. In third place is Vojvodina, with a share of about 12 percent. Accordingly, Macedonia, Croatia and Vojvodina account for more than two-thirds of all the newly developed land in our country.

Recovery of Usurped Land

Recovery of usurped land, like the newly developed land, does not constitute an expansion of the landholdings of the socialized sector, since this land was already public property (see Table 6).

Table 6. Return of Usurped Land to Agricultural Organizations, annual average in hectares

	<u>1962-1965</u>	<u>1966-1970</u>	<u>1971-1975</u>	<u>1976-1979</u>
Area, in hectares				
Yugoslavia	15,471	7,540	2,931	1,323
Bosnia-Hercegovina	399	263	8	69
Montenegro	24	70	12	--
Croatia	2,822	2,774	317	434
Macedonia	4,351	1,695	400	161
Slovenia	689	202	339	129
Serbia as a whole	7,186	2,536	1,855	530
Serbia proper	4,399	731	646	92
Vojvodina	1,794	1,394	1,197	200
Kosovo	993	411	12	238

Table 6 (continued)

	<u>1962-1965</u>	<u>1966-1970</u>	<u>1971-1975</u>	<u>1976-1979</u>
Breakdown, in percentage				
Yugoslavia	100.0	100.0	100.0	100.0
Bosnia-Hercegovina	2.6	3.5	0.3	5.2
Montenegro	0.2	0.9	0.4	--
Croatia	0.2	0.9	0.4	--
Macedonia	18.2	36.8	10.8	32.7
Slovenia	28.1	22.5	13.6	12.2
Serbia as a whole	4.5	2.7	11.6	9.8
Serbia proper	46.4	33.6	63.3	40.1
Vojvodina	28.4	9.7	22.0	7.0
Kosovo	11.6	18.5	40.9	15.1
	6.4	5.4	0.4	18.0

In the period from 1962 to 1979 about 120,000 hectares of usurped land were returned to agricultural organizations. The largest amount returned was in 1967 (about 20,000 hectares) and the least in 1977 (only 614 hectares).

From the standpoint of total expansion of the landholdings of agricultural organizations, it is this form which has the smallest share (about 7 per cent).

Croatia, Vojvodina and Macedonia have the largest share (about two-thirds) in total recovery of usurped public land.

Conclusion

1. Expansion of the landholdings of the socialized sector of agriculture in our country has not taken place at a uniform rate, but has depended on overall socioeconomic development. It can be said that up to the adoption of the measures of the 1965 economic reform expansion of these holdings was more pronounced, and thereafter a fairly appreciable decline in all forms of expansion of landholdings has been noted.

The leasing of land has the largest share in total expansion of the landholdings of the socialized sector of agriculture, and it is followed by purchases and new land development, while recovery of usurped land has had the smallest share.

2. The largest relative changes in all forms of expansion of the landholdings of the socialized sector of agriculture have occurred in Croatia, Macedonia and Vojvodina (about two-thirds of these changes), except for the leasing of land in Vojvodina, which accounts for 59-65 percent.

3. There are opportunities in our country for further expansion of the landholdings of the socialized sector of agriculture through leasing, purchases, etc. These opportunities are indicated by figures on the large area of the private sector of agriculture which either lies fallow or is not under cultivation. However, it can be said that socialized agricultural organizations either do not have the funds for further expansion of their landholdings or are not interested in the small and remote land parcels of private owners, and this is an issue which should be resolved by sociopolitical communities at the upper level.

7045

CSO: 2800

EXCERPTS FROM DRAFT 1981-85 PLAN FOR CROATIA

Zagreb DELEGATSKI VJESNIK (supplement to VJESNIK) in Serbo-Croatian
3 Dec 80 pp 6-8, 10-12

[Excerpts] III. Policy Governing Socioeconomic Development in the Period
From 1981 to 1985

General Framework of Growth and Directions of Structural Changes

1. Among the factors which are especially important to future socioeconomic development and growth the long-term institutional framework which has been created stands out particularly. This framework is manifested in the Law on Associated Labor and a number of laws embodying the system. They ensure the further development of the socioeconomic relations of socialist self-management and make it possible to achieve the lasting socioeconomic goals.

However, the principal feature of the present moment is the existence of a significant gap between the institutional foundations which have been created and actual socioeconomic events, which is often manifested in the impeded development of self-management and income-sharing relations. The inconsistent enforcement of the laws embodying the system, often accompanied by unsuitable measures of current economic policy, is making it more difficult to overcome this gap, whose closing is an indispensable condition if the process of expanded reproduction is to take place normally in conformity with the goals of development and growth.

Successful economic development and growth can be achieved in the future only by engaging in joint production, that is, through joint realization of revenues, joint income and free exchange of labor, in which the basic driving force behind the development of the socioeconomic relations of socialist self-management is the attainment of maximum income per unit of live and past labor in all phases of the process of reproduction without intervention of entities from outside associated labor, and thereby the attainment of high personal income. Only such an approach will give maximum motivation to the workers to optimally manage the process of reproduction and to apply the most recent technological and technical procedures.

2. The long-range goals of development, the material factors that exist, the institutional foundation, but also economic difficulties at the present moment, which are best illustrated in the net result of the balance of payments, are the principal determinants of development and growth in the coming medium-term period. Their assessment and repeated examination show that an average annual growth rate of the social product of the entire economy of about 4.5 percent in the period from 1981 to 1985 is urgently necessary and possible, and also the changes in the structure of production will be especially important to more effective and intensive inclusion in the international division of labor, that is, to dynamic growth of exports of goods and services: mitigation of structural discrepancies in material production; more intensive guidance of scientific research in all phases toward raising the technical and technological level of production.

3. The principal factors in the growth of the social product are the manpower potential, the growth of productive capital and a rise in its utilization. The average annual growth rate of employment will be 2.2 percent and that of active productive capital as much as 7 percent. This growth of productive capital is mostly determined by investment projects now under way which will take full physical shape in the coming period, rather than by a planned growth of new investment projects, since this average annual growth rate is only about 1.4 percent.

It is foreseen, however, that utilization of capacity would be raised about 20 percent by the end of the coming medium-term period, and that increase would account for achievement of between one-third and one-half of the planned growth of the social product in industry.

In that framework the average annual growth rate of industrial output would be 5.5 percent in the coming medium-term period.

Within the industrial sector industries producing raw materials and intermediate products and groupings oriented toward export would grow at a faster-than-average rate. This growth will make possible a substantial substitution of imports which in the past have had a large share in total commodity imports.

Imports of equipment have up to now been a sizable item in total commodity imports. That is why substitution of domestic equipment for imported equipment is an essential determinant of future growth and development. These problems explain why the output of industries producing equipment will grow at an average annual rate of 7.3 percent in the coming medium-term period. The metal manufacturing complex and the electrical products industry will account for most of that growth. Substitution of domestic equipment for imported equipment will be manifested in the further equipping of domestic machinebuilding to manufacture equipment for thermal electric power plants, installations for the processing industry, machinery for agriculture, equipment for the food manufacturing industry, equipment for timbering, sawmills and woodworking, as well as equipment for pulp and

paper production. In other industries there might also be substitution of imported equipment, but on a smaller scale.

The production of certain industries will be more markedly oriented toward export. The principal exporters will continue to be shipbuilding, machinebuilding, electrical machinebuilding, the wood industry, the production of petroleum derivatives, the leather and footwear industry, etc.

It is a strategic goal in economic development to make agricultural production capable not only of satisfactorily supplying the public with food, but also of providing raw materials for the food manufacturing industry, which would then export them to the world market in the form of finished products. In line with this goal it is envisaged that the average annual growth rate of agricultural production will be 4.0 percent in the coming medium-term period. The average annual growth rate would be 7.5 percent in the socialized sector and 2.5 percent in the private sector. The principal emphasis will be on augmenting the production of wheat, corn and sugar beets, oilseed and meat. Particular attention will be paid to raising productivity in agriculture and to the effort to socialize production in the private sector to a maximum, organize it on the basis of self-management and orient it toward the market.

The slowdown of investment activity will considerably slow down the growth of construction. It is estimated that this sector's average annual growth rate will be 4.0 percent. This is barely half what it was in the previous 5-year period. Construction will be oriented toward the more dynamic growth of housing construction to meet domestic needs and to employ a sizable portion of capacity abroad.

The social product in the transportation sector will increase at an average annual rate of 4.0 percent. Maritime transportation will have a considerably faster growth rate than the average (7.0 percent). This kind of development will facilitate a further broadening of domestic and especially international transit traffic. The principal activities in rail transportation will be oriented toward modernizing the railroads. This will tend to increase the size and reliability of rail transportation and the entire transportation sector.

Tourism and hostelry will have particular importance in the coming 5-year period, especially with respect to those activities relevant to attracting foreign guests. Assuming relatively more intensive investment activity, the average annual growth rate of the social product will be about 5.5 percent.

Other economic activities have a somewhat slower pace of growth. The growth of the social product of those activities will amount to about 4.0 percent.

The expected growth and changes in the production structure can partly solve the problem of structural disproportions and the problem of optimum inclusion in the international division of labor and meet the expected needs of the domestic market.

In quantitative terms the growth of production and changes in its structure by sectors can best be seen from the table below, even though more intensive structural changes will be taking place within the various sectors, the industrial sector particularly.

Growth Rates and Structural Changes, in permanent 1980 prices

	Growth Rate of Social Product <u>1981-1985</u>	1980 <u>Structure</u>	1985 <u>Structure</u>
Social product			
Total	4.4	100.0	100.0
Socialized sector	4.5	89.1	89.7
Private sector	3.4	10.9	10.3
Industry	5.2	33.1	34.5
Agriculture	3.8	9.8	9.4
Timber and lumber	2.7	1.1	1.0
Water management	4.3	0.4	0.4
Construction	4.1	11.0	11.0
Transportation	3.8	9.9	9.5
Trade	3.9	19.8	19.4
Hostelry and tourism	5.0	4.9	5.1
Crafts and trades	4.5	4.3	4.3
Housing and municipal services and utilities (production sector)	5.4	1.3	1.4
Financial and other services	3.8	4.3	4.2

Population and Growth of Employment

1. The population of Croatia is growing at a relatively low, but stable rate of natural increase between 4.5 and 5 pro mille. The demographic composition of the population and trends in the vital statistics, the low and balanced birth rate (crude and refined) and mortality rate (a slight increase is expected in the coming period) suggest the same kind of growth in the next 5-year period as well, and it is expected that the population would grow at an annual rate of 4.8 pro mille from about 4,624,000 inhabitants in 1980 to about 4,760,000 in 1985.

Past demographic development, with a long-term declining natural increase, will bring about a slight reduction of the number of persons reaching working age in the coming 5-year period, while people will be leaving that age group at a faster pace, which will bring about a smaller growth of the

population making up those of working age (about 129,000) as compared to that growth in the current 1976-1980 5-year period (about 183,000).*

The share of people of working age (the components of which represent more than 90 percent of manpower) in the total population will continue to increase, though slower than in previous periods.

Taking into account the factors affecting the labor force participation rate, it is expected that the labor force will grow from 2,132,000 in 1980 at an annual rate of 3.7 pro mille, and in 1985 would be 2,180,000. It is expected that the labor force participation rate would be held at approximately the present level, that is, would show a slight declining tendency, i.e., it would drop from the 46.1 percent estimated for 1980 to 45.8 percent in 1985.

The powerful rural exodus, whose intensity will be dying out at the end of the planning period, will be a specific feature of the movement of the population in the 1981-1985 period. The share of the farm population in the total population will drop from 20.5 percent in 1980 to 14.9 percent in 1985. There will be an analogous reduction in the share of the farm labor force in the total labor force in Croatia. The process of deagrarianization will have an essential impact on urbanization, and it is estimated that in 1985 about 57 percent of the Croatian population will be living in urban settlements.

In the period up to 1985 Croatia can count on a net influx of population through migration from one republic to another, and the quantitative loss to foreign countries is unimportant.

2. On this basis we can expect a slackening of the demographic pressure for new jobs. However, in view of the manpower surplus now represented by registered unemployed (about 72,000) and those temporarily employed abroad (about 225,000), the difficulties of finding jobs and of unemployment will still be with us in the coming medium-term period. Especially since employment opportunities will be appreciably more restricted in the socialized sector than they were in the current medium-term period.** The growth of employment in the coming medium-term planning period is estimated at an annual rate of about 2.2 percent.*** In this sector, then, we expect

* In the coming 5-year period there will be a negligible increase in the size of the population of school age (between the ages of 7 and 14; 508,000 in 1980 and 514,000 in 1985), and also in the preschool group (456,000 in 1980 and 464,000 in 1985), and the share of the population in the "60 and over" age group will increase. Toward the end of that period the decimated generation in the "age 60-64" age group will leave its working years, which will tend to make the age groups in the population of working age more homogeneous.

** The estimated growth rate of employment in the socialized sector in the 1976-1980 period is 4.0.

*** See the table supplied in the documentation.

employment to increase by about 157,000, which together with nonfarm activities in the private sector (both through employment and self-employment), which amounts to about 182,000 (240,000 in the current period), so that the overall growth rate of employment will increase at a rate of 2.4 percent thanks to the above-average growth rate of employment in the private nonfarm sector (5.4 percent).

Of the total 644,000 potential applicants for jobs in the socialized sector, including both the private nonfarm sector (about 317,000) and the current influx, 72,000 persons on unemployment rolls, 225,000 temporarily employed abroad, and a transfer of about 30,000 from private agriculture and migration from other parts of the country, it will be possible to employ about 332,000 new workers (182,000 new jobs and about 150,000 jobs made vacant by natural attrition).

Accordingly, this rate of hiring could absorb the current generational influx of new workers, that is, about 225,000 people coming out of school, and also a portion of the pool of labor seeking employment. However, in view of the size of that pool even at the end of the next medium-term planning period there will still be a large number of workers not employed in our economy. Assuming that a certain number (about 25,000) would be gainfully employed in private agriculture, there will still be about 280,000 workers (about 297,000 at the end of this medium-term period) either seeking employment or continuing to work abroad temporarily.

3. The position of Yugoslav workers temporarily employed abroad will be a particular problem (not just for employment policy). In the coming period the rate of hiring will not be sufficient to make possible the repatriation and occupational reintegration of any sizable portion of the foreign contingent. Should there be any essential structural changes among our citizens temporarily employed abroad, toward the end of this period the time workers spent abroad will have been about 15 years, and it is not very likely that in this case there will be streams of workers of working age returning.

The economic and demographic development of Croatia makes it necessary to conduct a consistent (redistributive) population policy so that optimum advantage is taken of the existing manpower potential. Moreover, since the unemployed portion of the population of working age will continue to be sizable even in the coming period, it will be necessary to continue to conduct a vigorous hiring policy, and the emphasis ought to be given to development and employment of the population in small business in both the public and private sectors and also to up-to-date forms of linkage between private agriculture on the one hand and the socialized sector of agriculture and the food manufacturing industry on the other.

Distribution of the Social Product of the Socialized Sector of the Economy

1980 prices

	Cumulative Growth Rate 1981-1985	Assets, in percentage		
		1980	1985	Cumulative, 1981-1985
Social product	4.5	100.0	100.0	100.0
1. Assets of the economy	4.9	60.0	61.1	60.6
1. Net personal incomes and other personal receipts	4.3	31.3	31.1	31.2
2. Total funds and depreciation	5.4	28.7	30.0	29.4
a) Gross funds for expanded reproduction	5.8	20.1	21.4	20.8
Depreciation	5.6	10.3	10.8	10.6
Business fund	6.0	9.8	10.6	10.2
b) Other funds	4.5	8.6	8.6	8.6
II. Contributions and taxes for social services and general expenditures	3.8	29.7	28.8	29.2
1. Social services	3.9	15.3	14.9	15.1
2. General expenditures	3.7	11.9	11.4	11.6
3. Other contributions	4.0	2.5	2.5	2.5
III. Contractual obligations	4.2	7.2	7.1	7.1
IV. Nonproductive services	4.1	3.1	3.0	3.1

Use of Available Assets

1980 prices, millions of dinars

	1980	1985	Cumulative, 1981-1985	Growth Rate 1981-1985	Structure	
					1980	1985
Available assets	384,148	472,736	2,156,003	3.9	100.0	100.0
1. Standard of living	277,558	341,913	1,557,170	3.9	72.3	72.3
1. Personal consumption	211,654	258,600	1,182,800	3.7	55.1	54.7
2. Social standard of living	65,904	83,313	374,370	4.3	17.2	17.6
Material expenditures	19,900	24,722	112,518	4.1	5.2	5.2
Investments	46,004	58,591	261,852	4.4	12.0	12.4

Table (continued)

	<u>1980</u>	<u>1985</u>	<u>Cumulative, 1981-1985</u>	<u>Growth Rate 1981-1985</u>	<u>Structure</u>	
					<u>1980</u>	<u>1985</u>
II. Economic invest- ments in fixed capital	96,315	111,750	502,071	1.4	25.1	23.6
1. Socialized sector	87,863	102,150	457,671	1.4	22.9	21.6
2. Private sector	8,452	9,600	44,400	1.5	2.2	2.0
III. General expendi- tures	4,388	5,063	23,088	1.7	1.1	1.1
Mate- rial expen- di- tures	3,040	3,698	16,946	3.6	0.8	0.8
Invest- ments	1,348	1,365	6,142	3.0	0.3	0.3
IV. Growth of invento- ries, re- serves, differ- ences in accounting, etc.	5,887	14,010	73,674	32.3	1.5	3.0

1980 prices

	<u>Index 1985/1981</u>	<u>Cumulative Growth Rate 1981-1985</u>	<u>Structure, %</u>	
			<u>1980</u>	<u>1985</u>
Standard of living	123.2	3.9	100.0	100.0
1. Personal consumption	122.2	3.7	76.3	75.6
2. Social standard of living	126.4	4.3	23.7	24.4
2.1. Material expenditures	124.2	4.1	7.1	7.2
2.2. Investments	127.4	4.3	16.6	17.2

Rate of Investment and Principal Tasks of Investment Policy

1. The social plan covering the period 1976-1980 was adopted on the foundations of the old economic system. Though the work on the laws embodying the system has been intensive, the system as a whole has not been put into effect. At the same time changes in certain financial instruments which have strengthened the financial discipline of organizations of associated labor facilitated liquidity of the economy and the banks at the outset of fulfillment of the plan, and a beginning was made to implement a development policy which even in the plans of organizations of associated labor and self-managed special-interest communities was beyond material capabilities, and in the course of fulfillment it was supported by a monetary policy that was not moderate enough and by indebtedness contracted abroad.

Given the present relations in the creation of money, the economy is becoming more and more dependent upon credit and the banks, as seen from the fact that the banks and foreign capital have a share of 70 percent in financing expanded reproduction, while the share of the economy's own funds is 30 percent. The inadequate role of associated labor in decisions on the use of all the assets of society and the incompleteness of an economic system which would honor commodity production in a socialist self-managed society are the principal reasons for the difficulties in keeping development policy within the zone of optimality. Thus the rising prices of petroleum have only accentuated the problems still more. The problems of the efficiency of investment projects or the effectiveness of economic policy are taking on particular importance in the context of difficulties with the country's balance of payments.

2. Under these conditions a portion of productive capital remained unutilized in 1980, and there is a real danger of a further drop in utilization of capacity in industry. Utilization of capacity in industry was 77 percent in 1975, and then rose to 81 percent in 1978, and in 1980 it is estimated at about 75 percent. However, the efficiency of fixed capital in industry is dropping at the same time as a result of structural changes whether because of higher costs tending to detract from the efficiency of the entire economy or the more rapid development of capital-intensive sectors and--in 1980--because of reduced utilization of capacity as well.

On the other hand the deterioration of the average capital coefficient for the entire socialized sector of the economy can be explained only to a lesser degree by the inadequate utilization of capacity in other economic sectors, especially rail transportation and trade, which had to do with the intensive investment activity in those sectors. There are indications, however, that most of the causes of the declining efficiency of the entire economy should be sought in the rising unit costs, the unfavorable mix of natural resources and low labor productivity. In this connection we should also emphasize the development of tourism and other export-oriented, but low-income sectors, and the rising prices of petroleum and imported equipment. Of course, a portion of the drop in efficiency comes from expensive

construction, protracted construction time, and other problems which have been particularly evident in this period because of the high rate of investment.

3. A principal feature of investment activity in the period from 1976 to 1980 was the high intensity of investments, especially in the fixed capital of the economy, and the related high level of investment projects under construction. Investments in working capital and reserves on the other hand are lagging behind the needs of the normal flow of the process of reproduction and supply of the market, which has been especially evident during 1980. Since construction of the economic system had not been completed, development policy was implemented through an extensive pattern of investment, since there was no optimum allocation of capital.

The pattern of investment in Croatia departs considerably from the plan in the direction of an increased share of transportation and trade, while the share of industry and agriculture was 49.8 percent instead of the planned 58.5 percent (industry's share is an entire 10 points below the plan). Within industry investments are lagging especially in the heavy chemical industry, ferrous metallurgy and machinebuilding.

Though the composition of investment projects now under construction does not entirely conform to the needs of development, the more than 55 major projects that represent its base will have a favorable effect in changing the economic structure in the coming period and in raising the level of labor productivity. The planned pattern of investment in this period, then, takes as its point of departure higher utilization of domestic resources, so that the structure in Croatia will be turned more to import substitution and supporting exports which have comparative advantage.

4. In the 1981-1985 period we should anticipate the same reason for declining efficiency of investments and fixed capital as in the previous period, except that we should also anticipate a lower utilization of certain capacities because of difficulties in foreign trade related to the level of indebtedness and the economy's dependence on imports. At best the utilization of total capacity will not rise considerably over 1980. It is therefore assumed that the efficiency of total fixed capital will drop 11 percent in the coming period.

This drop in efficiency is a consequence of the faster growth of productive capital (an average annual rate of about 7 percent), while the expected growth of the social product in the socialized sector is considerably slower (average annual rate 4.5 percent).

5. Stabilization of economic flows presupposes that all forms of demand and expenditure are brought within real capabilities, and at the same time we must anticipate relatively smaller use of foreign capital (because the country is already highly indebted). But it is anticipated that the ability of organizations of associated labor to form capital and funds for

reinvestment will increase and that the level of self-financing will rise. The institution of self-financing of expanded reproduction, which also includes diverse forms of pooling of capital, must become the dominant form of financing expanded reproduction. Conditions must be created through application of the system so that associated labor, that is, organizations of associated labor with relations based on shared income, make investment decisions, check the results in terms of income and ensure higher efficiency of investments as a whole.

6. Proceeding from the present problems in development of material production, employment and the rise of the standard of living, investment policy in the coming planning period should facilitate faster correction of discrepancies in overall social reproduction, a better fit of one phase of production to another in organizations of associated labor, faster modernization of production through application of up-to-date technical and technological solutions and improvement of the country's balance of payments. This should be achieved through faster development of activities which along with a faster growth of income ensure reduction of the economy's dependence on imports, increased exports, more harmonious relations in the material structure, social production and a boosting of the economy to a higher technical and technological level.

The relatively high capital intensiveness of investment in the coming period will be affected first of all by technical and technological factors (increasingly modern and expensive machinery will be included in equipment and the production process). In addition, we should also assume ever higher costs of exploration and exploitation of raw materials; the social costs of the investment such as environmental protection and improvement of the environment, shelter construction, preparation of new industrial zones, etc., will be higher.

The volume and structure of investments in the coming period will in part be determined by the investments under construction carried over from the current planning period. This will also tend to retain the rather "heavy" pattern of investment in the first years of the coming planning period.

The ambitious investment undertakings in Croatia which mostly began in the period between 1976 and 1980 are concentrated to a large degree on major investments in the electric power industry, the heavy chemical industry and the large-scale economic infrastructure. The estimated cost of investment projects in 1980 is presumed to be about 310 billion dinars, of which about 128.3 billion dinars, or 28 percent of future economic investments in fixed capital, will be carried over to the next period. Projects belonging to the large-scale infrastructure among the investments being carried over to the next period represent 25 billion dinars, or 19 percent.

In view of what we know about the structure of economic investments in fixed capital with respect to the character of construction, in the coming period it is roughly assumed that new projects can be built in the amount

of 160 billion dinars, which constitutes 35 percent of total economic investments in the fixed capital of the socialized sector:

1980 prices, millions of dinars		
	<u>Cumulative, 1981-1985</u>	<u>Breakdown, in percentage</u>
Gross economic investments in the fixed capital of the economy	457,671	100.0
Breakdown:		
a) Value of unfinished investment projects being carried over to the next period	128,312	28.0
Breakdown:		
New projects	75,000	16.4
Expansion, reconstruction and modernization	53,312	11.7
b) New investment projects		
Breakdown:		
For reconstruction and modernization	91,534	20.0
For replacement	77,641	17.0
For new projects	160,184	35.0

7. The rate of investment will drop in the coming period, and it is expected that the share of investments in fixed capital will be 22.3 percent of the social product as against the 26.5 percent in the current planning period. Given the reduced inflow of foreign capital and the problems related to the volume and structure of production, the following pattern of investment is expected:

1980 prices, millions of dinars					
	<u>Cumulative</u>		<u>Index</u>	<u>Average Cumulative Growth Rates</u>	
	<u>1976-1980</u>	<u>1981-1985</u>		<u>1976- 1980</u>	<u>1981- 1985</u>
Social product	1,628,572	2,048,529	125.8	6.3	4.5
Total investments	600,703	651,051	108.4	9.6	4.0
Economic investments	470,236	500,271	106.4	10.9	4.4
In fixed capital	431,529	457,671	106.0	11.8	1.4
In working capital	38,707	42,600	110.0	2.8	--
Noneconomic investments	130,467	150,780	115.6	5.4	3.0
Housing construction	78,302	96,280	123.0	0.6	4.7
Other noneconomic investments	52,165	54,500	104.5	14.4	0.0
Total in fixed capital	561,996	608,451	108.3	10.2	1.7

Within the item of economic investments in fixed capital changes should be made toward an increased share of industry, agriculture, timbering and lumber, water management and hostelry. Total investments in industry in the 1981-1985 period would increase at an average annual rate of 4.2 percent, which is considerably faster than the growth of economic investments in fixed capital.

Investments in inventories have been lagging behind needs in the previous period, and in 1980 they were altogether absent, so that in the coming medium-term period it is assumed that investments in working capital will be in line with the growth of production, which has to do with ensuring higher stability in the conduct of economic activity and with the needs for larger reserves.

Current prices, millions of dinars

	1980	1985	Growth Rate		
			Nominal	Prices	Real
Commodity exports	2,015	4,769	18.8	10.0	8.0
Exports of services	1,806	3,892	16.6	8.0	8.0
Exports of goods and services	3,821	8,661	17.8	9.1	8.0
Miscellaneous income	1,422	2,050	7.6	--	--
Total income	5,243	10,711	15.4	--	--
Imports of commodities	3,895	7,335	13.5	12.3	1.1
a) Industrial materials	3,109	5,997	14.0	13.0	0.9
Crude petroleum*	1,455	2,100	7.6	15.0	6.4
Other industrial materials	1,654	3,897	18.7	12.0	6.0
b) Equipment	505	890	12.0	12.0	0.0
c) Consumer goods	281	448	11.2	9.0	2.0
Miscellaneous expenditures	1,679	2,584	9.0	--	--
Total expenditures	5,570	9,919	12.2	--	--
Net results of the current payments-balance position	-327	792			

* Importation of petroleum to meet needs in Croatia.

7045

CSO: 2800

RIVER TRANSPORTATION: STATUS , PLANS

Belgrade TRANSPORT in Serbo-Croatian No 10, Oct 80 pp 47-50

[Article by Dj. Miković]

[Excerpts] Reflections concerning possible directions in which this problem [optimum organization of transportation] can be solved suggest among other things that we turn to analyses of possibilities for deriving the full value from our network of rivers and canals and from the existing river fleet and of utilizing them more intensively. This has been debated more and more, especially in the recent past. Numerous statistics and other data have been presented from which one can draw the unambiguous observation: our transportation is not efficiently organized, the various branches of transportation have been developing without guidance or control, and no economically sound justification can be found for this, and at the same time, the development of river transportation has lagged considerably behind our country's needs and objective capabilities.

It is well known that Yugoslavia is one of the rare countries in the world to have very favorable natural conditions for development of river transportation. This is especially true of Serbia, Vojvodina, a portion of Croatia and Bosnia-Herzegovina. Two-thirds of Yugoslavia's inland waterways, three-fourths of the capacity of river shipping and riverports, the great majority of hydraulic engineering organizations and almost all river ship-building are located in Serbia.

Our country has a particularly favorable position relative to the Danube basin, one that has been relatively unutilized. This is especially so when we bear in mind that nearly 40 percent of the watershed of the Danube lies in Yugoslavia, offering it exceptionally favorable opportunities for development of river transportation and of river-related economic activities in general. The possibility of linking our inland waterways to the river and other waterways of the most advanced portions of Europe and the possibility, after final completion of the Rhine-Main-Danube Canal, of linking the North Sea and the Black Sea represent a potential value which must be reflected much more in our development plans than is the case today.

However, and this is well known even today, our river transportation has still not been given anything like the place it is entitled to on the basis of economic logic. For practically the last 10 years river transportation's share in total freight traffic, though not declining, has not reported any significant growth, though from the economic standpoint that should have been the case. Today, just as 10 years ago, it ranges somewhere under 15 percent of total freight traffic expressed in net ton-kilometers. The statistical survey in Table 1 allows us to examine in more detail the volume of services in transportation and the share of the various branches of transportation in the total volume of freight carried:

Table 1

	<u>1968</u>	<u>1972</u>	<u>1976</u>	<u>1978</u>	<u>1979</u>
Volume of freight, in thousands of tons	169,381	231,618	244,383	308,383	332,615
Rail	68,409	72,339	73,726	80,763	87,878
Maritime	14,409	15,541	19,666	21,672	23,763
River	12,493	17,998	21,232	26,492	26,444
Highway	74,063	125,727	129,732	178,909	194,635
Air	7.1	13	27	30	35

	<u>1969</u>	<u>1972</u>	<u>1976</u>	<u>1978</u>	<u>1979</u>
Ton-kilometers, in millions	162,250	195,770	197,534	228,876	229,545
Rail	17,691	20,447	21,017	23,378	25,925
Maritime	134,529	160,185	157,702	182,505	179,968
River	3,422	4,850	5,572	5,907	5,734
Highway	6,600	10,183	13,059	16,873	17,663
Air	8.4	12	56	54	92

Confirmation of the assertion that our river transportation has experienced a relative lag in the total volume of transportation services can be found in the survey below, which gives index numbers for transportation services between 1969 and 1979, in which we have taken the year 1978 as the base year. If one looks only at the last column of Tables 1 and 2, we see that river transportation has lagged considerably behind both transportation as a whole and also the other branches of transportation:

Table 2

	1978 = 100			
	<u>1969</u>	<u>1974</u>	<u>1976</u>	<u>1979</u>
Transportation sector	61	87	85	103
Rail	81	99	91	108

Table 2 (continued)

	<u>1969</u>	<u>1974</u>	<u>1976</u>	<u>1979</u>
Maritime	74	97	86	96
River	58	94	94	97
Highway	40	70	80	104
Air	18	68	83	115

If we take as our point of departure the fact that over this period the volume of freight to be carried has constantly increased, from 196.3 million tons in 1969 to 332.6 million tons carried in 1979, and also that these needs will continue to grow in the future and that we are at the same time confronted by the urgent task of making maximum efforts toward reducing production costs, to which is related the orientation toward the most economical branches of transportation--then we see the full meaning and social justification for serious efforts toward scientific and economic study of the methods and means of achieving the goals we wish to achieve, including those in the domain of transportation policy. Society's orientation in conducting the policy of economic stabilization and also the situation we are in with respect to the urgent need to conserve energy are of inestimable importance in this task. Equally important are tasks related to conservation and protection of the environment and nature, tasks which extend beyond local boundaries. In this entire set of problems it is not superfluous to emphasize, at least when we are analyzing the problems of transportation at the present moment and in future development, that every percentage point of economic growth increases the demand for transportation by 1.5 percent. Over the next 20 years or so we can expect, with all the reserve and caution which must be shown in examining a projection of development over a lengthy period of time, that commodity trade in Europe will be about 30 percent greater than it is today. This datum in and of itself offers rather persuasive evidence that a sector of the economy which has a considerable impact on overall development, which is transportation, must anticipate and prepare for that kind of development of economic activity.

Without intending here to diminish the importance and role of the various branches of transportation, we must nevertheless indicate certain inestimable advantages of river transportation precisely from the standpoint of performing the tasks we have in connection with our economic development and economic stabilization in the coming period.

For example, highway transportation needs 28-fold more power and rail transportation 8-fold more power than river transportation to accomplish the same result in carrying freight. Or, viewed in terms of the number of employees and pieces of transportation equipment involved, highway transportation needs 50 trucks and 100 men to carry 1,000 tons of freight, rail transportation needs 50 cars and 3 men, and river transportation needs only 1 vessel and 2 men. Similar relations are obtained even in the terms of the system of shipping rates now in effect. Ratios ranging from twofold to

fivefold more favorable in the advantage of river transportation are obtained per ton-kilometer of certain types of freight, especially those we classify as volume classes (all types of bulk freight, ore, grain, coal, coke, building materials, manufactured fertilizers, metal goods, and so on). Certainly there also exist other advantages of river transportation which if river transportation were properly organized and its fleet modernized could altogether offset or reduce to a negligible proportion the unfavorable aspect of river transportation, which is its relatively slow speed. Appropriate efforts in organizing and adjusting rates of loading, traffic speeds, and unloading rates along with appropriate bolstering of cargo-handling capacities in riverports, which are today a bottleneck, could ensure continuous and timely satisfaction of the needs of the economy and other users of river shipping. Finally, it is equally important that from the standpoint of environmental protection river transportation presents a minimal hazard, since the share of river transportation in total pollution of the Danube is only 1-2 percent, and appropriate technical measures could reduce this to a still more negligible proportion.

The question of river transportation's development in the current medium-term program for development up to the year 1980 has been treated in several important social documents: the Social Plan for Yugoslavia's Economic Development in the Period 1976-1980, the Agreement on Bases of the Yugoslav Social Plan for Development of River Shipping and Riverports in the Period 1976-1980, the Social Compact on Yugoslavia's Transportation Policy and the Social Development Plans of the Respective Socialist Republics and the Socialist Autonomous Province of Vojvodina. The importance of developing river transportation and the broader interest which society has in it has been clearly and quite definitely set forth in all those documents. In agreement on the bases of the plan for the Socialist Republic of Serbia it was stated that steps must be taken to orient volume classes of freight toward river transportation when the hauling distances are long. Provision was also made for greater inclusion of river transportation in international transport. The volume of river transport as envisaged in these documents was supposed to increase in the 1976-1980 period at a rate of 7.6 percent, and the growth rate in Vojvodina was to be 10.7 percent. The program for development of river shipping is based on the mutually adjusted plans of work organizations in river-related economic activities and called for building about 260 vessels, whose total planned cost would be about 5 billion new dinars.

The following can be cited as the principal reasons why the current medium-term plan will not be fulfilled:

1. this industry's unfavorable financial position, which is the reason for stagnation in development of the river fleet and for the loss of its favorable position relative to other river shipping industries on the Danube, especially with respect to development of an up-to-date pushboat fleet and self-propelled vessels and use of other technical and technological advances;

ii. uncoordinated development of the river fleet and riverport facilities, inadequate coordination with shipbuilding and the ancillary industry in development;

iii. the markedly unfavorable age-specific distribution of the river fleet, in which the improvements are very slow, as can be seen from the fact that even now about 20 percent of the fleet is over 40 years old;

iv. absence of linkage between organizations in river shipping and the users of their services on a self-management foundation;

v. the nonexistence of a joint long-term and medium-term program for development of river transportation (the fleet, riverports, and waterways), shipbuilding and major users of river shipping;

vi. inappropriate treatment of river transportation engaging in international traffic, since the inflow of foreign exchange is still not treated as inflow from exports of commodities in a high phase of manufacture, but as currency under bilateral agreements (though those currencies represent half of the inflow), which are not covered by any incentives at all.

It is estimated that during the current planning period about 60 percent of the amount planned in 1970 prices will be invested in development of river transportation, which in real terms means a much smaller proportion because of the price rises in this period. However, if we make comparisons with projections contained in the self-management accord of river transportation and shipbuilding, fulfillment of the shipbuilding plan will be even less according to present estimates, as can be seen from this table:

<u>Capacity</u>	<u>Planned Under Self- Management Accord</u>	<u>Actual, Estimate</u>	<u>Proportion</u>
Horsepower	66,860	25,000	37.40%
Tons	241,390	116,990	48.46%

Relative to 1975 this growth of capacity would be about 30 percent for horsepower and about 18 percent in tons of carrying capacity. We should mention that the program for development of the fleet will most probably be altogether fulfilled by the shipping industry of Vojvodina thanks to measures taken by the sociopolitical community and the steps taken toward self-management and other linkage between river transportation and the rest of the economy.

Aside from the facts set forth above, the conception and planning of river transportation's development also took as their point of departure the fact that greater use needs to be made of our navigable rivers, which have a total length of about 1,800 km, and approximately 700 km of navigable canals, and also the fact that river transportation is very easily combined and linked with other branches of transportation: maritime, rail and highway.

To this we should also add the fact that about 56 percent of our waterways are international waterways and that our country's navigable rivers have a geographic location so that in practice they can serve more than 70 percent of the area of the country, that is, all those economic capacities located within 200 km of the waterways.

Today our flag has a share of about 21 percent in total traffic on the Danube. From the first place we once held among the eight Danube countries, it has dropped to second place (the Danube River fleet of the USSR is now first), and there is a serious threat that we will drop to third place unless something more radical is undertaken. Here we should also mention the datum that in Yugoslavia today river transportation carries half the cargo it did before the war, that is, a share of less than 15 percent in total freight traffic, while West Germany, say, today carries about 33 percent of its freight by river.

Nevertheless, even though these facts and data are convincing, the desired goal has not even approximately been achieved in practical implementation of the agreed transportation policy. The program for planned development of river transportation up to the year 1980 has been put in jeopardy. Working organizations in river transportation, because of their unfavorable position for many years and the very low rate of accumulation, can hardly furnish the 10-percent share of their own funds required for the planned development. There have also been enormous difficulties in furnishing the remaining funds for investments in the construction and modernization of the capacity of the river fleet from bank credit and the funds of the river shipbuilding industry. It is therefore a disturbing fact that we are at the end of the 1976-1980 planning period, and the funds for building the river fleet have not been provided at the pace nor on the credit terms which were projected, so that even today we can confidently say that the predictions of the plan in this respect, except for Vojvodina, will not be realized even at a level of 60 percent.

There is also an indirect indication of the lag in construction of the river fleet in the following table, which shows the volume of freight and the present capacity of the river fleet.

<u>Year</u>	<u>Volume, in thousands of tons</u>	<u>Number of Vessels</u>	<u>Carrying Capacity, in thousands of tons</u>
1968	12,492	710	507
1972	17,998	807	650
1976	21,232	758	672
1978	26,492	762	684
1979	26,444	756	686

Experience in carrying out the medium-term program for development between 1978 and 1980 unambiguously indicates that understanding of the problems faced by river transportation and the grasp of the need for it to develop

faster in both absolute and relative terms--which has been stated very precisely in the guidelines of all plans--have still largely remained at the level of declarations, expressions of desire. Full-fledged specific measures have not been forthcoming. Progress has not been made beyond individual partial actions, which have not been sufficient to guarantee practical realization of the planned development called for in the agreement. We should emphasize with optimism, however, that even the documents which set forth the lines of development in the coming medium-term period up to the year 1985 again proclaim and envisage brighter days for river transportation. The draft of the Agreement on the Bases of the Social Plan of the City of Belgrade for the Period From 1981 to 1985, which is very important since our largest work organization in the river transportation industry is located there, foresees "that in the coming period greater use will have to be made of the rivers, to which end the development of river and maritime transportation will have to be speeded up relative to the other branches of transportation." It goes on to specifically state the need to orient certain types of freight (chemical products, petrochemicals, grain, building materials, etc.) toward river and maritime transportation because of their economic efficiency in carrying cargoes of this kind.

7045

CSO: 2800

END

END OF

FICHE

DATE FILMED

13 Jan. 1981

D.D.